



**AUDIT OF THE OFFICE OF
COMMUNITY ORIENTED POLICING SERVICES
GRANT AWARDED TO THE
CORCORAN POLICE DEPARTMENT
CORCORAN, CALIFORNIA**

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

Audit Report GR-90-11-004
August 2011

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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) Grant 2008-CK-WX-0228, in the amount of \$607,945. This grant was awarded to the Corcoran Police Department (Corcoran) from funds earmarked in the 2008 Consolidated Appropriations Act to fund "law enforcement technologies and interoperable communications program, and related law enforcement and public safety equipment."¹ The conference report for this funding, which designated \$611,000 for "Corcoran, CA Narcotics and Gang Task Force Equipment," also states "the COPS program office is directed . . . to provide funding consistent with law and Congressional intent."²

On June 25, 2008, Corcoran submitted a grant application to COPS but did not request funds for technology. Instead, Corcoran requested funding for the payment of the salaries and fringe benefits for four police officers on the Kings County Narcotics Task Force, to deter the spread of narcotics in Kings County. Specifically, funds were sought to accommodate the re-assignment of four existing police officers from local law enforcement agencies in the cities of Corcoran, Hanford, Lemoore, and the Kings County Sheriff's Office (KCSO) to the county's narcotics task force. In addition, grant funds would be used to supplement staffing levels at each of these local law enforcement agencies as these vacated positions were backfilled with entry-level police officers. Corcoran is located in Kings County and is bordered by the cities of Hanford and Lemoore. Its predominant industry is farming.

On September 25, 2008, COPS awarded Technology Program Grant 2008-CK-WX-0228, for \$607,945, to Corcoran to fund the salaries and fringe benefits of the four police officers for a period of 4 years. As of

¹ Pub. L. No. 110-161 (2008). The Office of Management and Budget defines an earmark as funds provided by Congress for projects or programs where the congressional direction circumvents the merit-based or competitive allocation process, or specifies the location or recipient, or otherwise curtails the ability of the Administration to control critical aspects of the funds allocation process.

² A Congressional rescission on all COPS earmarks reduced the appropriated amount to \$607,945.

February 28, 2011, \$599,523 (99 percent) of the grant has funded the salaries and fringe benefits of the four re-assigned officers on the Kings County Narcotics Task Force, and the purchase of one radio and some ammunition.

COPS was established by the Violent Crime Control and Law Enforcement Act of 1994 and it is responsible for advancing the practice of community policing, which promotes the partnership between communities and law enforcement agencies to proactively reduce crime and to create and foster a safer environment. Since Fiscal Year 1999, the COPS Technology Program has awarded \$1.53 billion to law enforcement agencies to focus on the ". . . continued development of technologies and automated systems to assist state and local law enforcement agencies in investigating, responding to, and preventing crime . . . COPS developed the program to place departments at the forefront of innovative technological developments."³

Audit Results

The objectives of this audit were to: (1) assess whether COPS appropriately funded Corcoran's Technology Program grant application in accordance with the 2008 Consolidated Appropriations Act and COPS' Technology Program requirements; and (2) determine whether Corcoran's cost reimbursements claimed under the grant were allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. The latter included a review of Corcoran's internal control environment; cash management; grant expenditures; property management; Financial Status Reports (FSR) and Progress Reports; compliance with additional grant requirements; and program performance and accomplishments. Our audit objectives, scope, and methodology are discussed in detail in Appendix I.

We believe that COPS did not act in accordance with the 2008 Consolidated Appropriations Act when it awarded funds intended for technology to pay for the salaries and fringe benefits of four police officers. Instead, COPS approved grant funds for a use prohibited by its own Application Guide, specifically the payment of sworn police officer salaries. As a result, we make one recommendation to COPS for it to establish a process to ensure that it only approves grant applications that comply with related funding legislation.⁴

³ COPS Fiscal Year 2008 Application Guide: Technology Program.

⁴ While Corcoran's intended use of the grant was clear and transparent, it was nonetheless not a proper submission because it was contrary to the Application Guide. However, COPS is at fault for making the award based on Corcoran's flawed application.

With respect to our second objective, we found that Corcoran was in material non-compliance with grant requirements. Specifically, Corcoran:

- Drew down all federal funds in advance rather than on a reimbursement basis as required by the grant;
- Violated a key grant requirement by not backfilling or requiring one of its sub-recipients, Lemoore Police Department, to adequately backfill local police officer positions. We viewed this as a supplanting indicator, and therefore, we questioned \$93,500;
- Charged \$3,470 of unallowable personnel expenditures to the grant for the KCSO deputy's non-grant-related activities;
- Did not have adequate support for \$223,659 of grant expenditures for the salaries and fringe benefits of the four police officers on the Kings County Narcotics Task Force;
- Charged \$1,200 for the housing and care of a canine police dog that was not supported as being primarily used for grant purposes;
- Had only an informal, but no written fixed asset policy, and did not capitalize a \$2,273 radio;
- Did not maintain adequate accounting policies or manuals that clearly defined staff members' roles and responsibilities and segregation of duties for grant-related transactions;
- Did not follow its accounting practice requiring approval prior to the expenditure of grant funds;
- Failed to submit six FSRs and of the two FSRs that were filed, both were inaccurate and one of the two was submitted 39 days late; and
- Failed to maintain the Department of Homeland Security, U.S. Citizenship and Immigration Services' Form I-9, Employment Eligibility Verification forms for grant-related employees.⁵

⁵ The Inspector General Act of 1978, as amended, contains our reporting requirements for questioned costs. However, not all findings are dollar-related. See Appendix II for a breakdown of our dollar-related findings and for definitions of questioned costs.

The purpose of the Form I-9 is to document that each new employee (both citizen and noncitizen) hired after November 6, 1986, is authorized to work in the United States. All employees (both citizen and noncitizen) hired after November 6, 1986, and working in the United States must complete the Form I-9.

Based on the findings relating to Corcoran and its sub-recipients, we questioned a total of \$321,829 and made 12 additional recommendations for COPS to ensure that Corcoran strengthen its internal controls and other program areas to fulfill the terms and conditions of the grant.

These items are discussed in detail in the Findings and Recommendations section of the report. We discussed the results of our audit with officials from COPS and Corcoran and have included their comments in the report, as applicable. Further, we requested from COPS and Corcoran written responses to our draft report, which we received along with comments from Corcoran's sub-recipients (Lemoore, KCSO, and Hanford) and are included in Appendices IV and V. Our audit objective, scope and methodology are discussed in Appendix I.

TABLE OF CONTENTS

INTRODUCTION	1
Audit Approach	2
FINDINGS AND RECOMMENDATIONS.....	5
I. COPS' Approval of Corcoran's Technology Program Grant Application	5
Conclusion	8
Recommendation	8
II. Corcoran's Administration of the COPS Grant	9
Internal Control Environment	9
Drawdowns	11
Expenditures	12
Reporting Requirements	25
Compliance with Additional Grant Requirements.....	28
Program Performance and Accomplishments.....	28
Conclusion	30
Recommendations	31
 APPENDICES:	
I. OBJECTIVES, SCOPE, AND METHODOLOGY	33
II. SCHEDULE OF DOLLAR-RELATED FINDINGS	35
III. SCHEDULE OF ALL GRANT-RELATED EXPENDITURES	36
IV. CORCORAN, CALIFORNIA POLICE DEPARTMENT RESPONSE .	41
LEMOORE, CALIFORNIA POLICE DEPARTMENT RESPONSE	52
KINGS COUNTY, CALIFORNIA SHERIFF'S RESPONSE.....	55
HANFORD, CALIFORNIA POLICE DEPARTMENT RESPONSE	57
V. OFFICE OF COMMUNITY ORIENTED POLICING SERVICES RESPONSE	59
VI. ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT	69

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INTRODUCTION

The U.S. Department of Justice Office of the Inspector General (OIG), Audit Division, has completed an audit of a \$607,945 grant (2008-CK-WX-0228) that the Office of Community Oriented Policing Services (COPS) awarded to the Corcoran Police Department (Corcoran), located in Corcoran, California. The grant was funded by an earmark in the 2008 Consolidated Appropriations Act, which specified support for "law enforcement technologies and interoperable communications program, and related law enforcement and public safety equipment."¹ Further, the conference report relating to the Act designated \$611,000 for "Corcoran, CA Narcotics and Gang Task Force Equipment," and stated "the COPS program office is directed . . . to provide funding consistent with law and Congressional intent."²

On June 25, 2008, Corcoran submitted a grant application to COPS but rather than request funding for technology, it instead requested funding for the personnel costs of four police officers that were to be assigned to the Kings County Narcotics Task Force. The purpose of the police officers' involvement in the narcotics task force was to conduct investigations and deter the spread of narcotics in Kings County. Specifically, the grant application stated that grant funding would be used to pay the salaries and fringe benefits of four existing police officers from local law enforcement agencies in the cities of Corcoran, Hanford, Lemoore, and the Kings County Sheriff's Office (KCSO) for their participation in the county's narcotics task force. In addition, the grant application stated that grant funds would be used to supplement staffing levels at each of these local law enforcement agencies by backfilling the vacated positions with entry-level police officers.

¹ Pub. L. No. 110-161 (2008). The Office of Management and Budget defines an earmark as funds provided by Congress for projects or programs where the congressional direction circumvents the merit-based or competitive allocation process, or specifies the location or recipient, or otherwise curtails the ability of the Administration to control critical aspects of the funds allocation process.

² A Congressional rescission on all COPS earmarks reduced the appropriated amount to \$607,945.

On September 25, 2008, COPS awarded Technology Program Grant 2008-CK-WX-0228, for \$607,945. As of February 28, 2011, Corcoran had spent \$599,523 (99 percent) of the grant award.

EXHIBIT 1
COPS' TECHNOLOGY PROGRAM GRANT AWARDED TO THE
CORCORAN POLICE DEPARTMENT

Grant Award Number	Award Start Date	Award End Date ³	Award Amount
2008-CK-WX-0228	12/26/07	12/25/11	\$ 607,945
Total			\$607,945

Source: COPS

COPS was established by the Violent Crime Control and Law Enforcement Act of 1994 and it is responsible for advancing the practice of community policing, which promotes the partnership between communities and law enforcement agencies to proactively reduce crime and to create and foster a safer environment. Since Fiscal Year (FY) 1999, COPS, through its Technology Program, has awarded \$1.53 billion to state and local law enforcement agencies to support the development of technologies that assist investigations and prevent crime.

The City of Corcoran, California is located in Kings County in California's Central Valley and is approximately 50 miles south of Fresno, California. According to the U.S. Census Bureau, the city had an estimated population of 24,863, which included approximately 12,000 inmates incarcerated in the California State Prison at Corcoran and at the California Substance Abuse Treatment Facility and State Prison, Corcoran. Corcoran covers an area that is approximately 6.4 square miles and neighbors the cities of Hanford and Lemoore. The predominant industry in Corcoran and its surrounding area is farming.

Audit Approach

The objectives of this audit were to: (1) assess whether COPS appropriately funded Corcoran's Technology Program grant application in accordance with the 2008 Consolidated Appropriations Act and COPS' Technology Program requirements; and (2) determine whether Corcoran's cost reimbursements claimed under the grant were allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. The latter included a review of Corcoran's internal control environment; cash management; grant expenditures;

³ The Award End Date includes all time extensions that were approved by COPS.

property management; Financial Status Reports (FSR) and Progress Reports; compliance with additional grant requirements; and program performance and accomplishments. Our audit objectives, scope, and methodology are discussed in detail in Appendix I.

In order to assess whether COPS properly awarded its Technology Program grant to Corcoran, we reviewed: (1) the 2008 Consolidated Appropriations Act, including the conference report; (2) Corcoran's grant application; and (3) COPS' approval of Corcoran's grant application.

To test Corcoran's compliance with the conditions of the grant award, we used criteria contained in the award documents, Code of Federal Regulations, and Office of Management and Budget (OMB) Circulars. Specifically, we tested the:

- **Internal control environment** – to determine whether the internal controls in place for processing and payment of funds were adequate to safeguard grant funds awarded to Corcoran and ensure compliance with the terms and conditions of the grant;
- **Drawdowns** – to determine whether the drawdowns were adequately supported and if Corcoran was managing receipts in accordance with federal requirements;
- **Expenditures** – to determine whether costs charged to the grant, including payroll, fringe benefits, and indirect costs (if applicable), were accurate, adequately supported, allowable, reasonable, and allocable. In addition, we tested expenditures related to the purchase of accountable property and equipment to determine whether Corcoran recorded accountable property and equipment in its inventory records, identified it as federally funded, and utilized the accountable property and equipment consistent with the grant;
- **Reporting** – to determine if the required financial and programmatic reports were submitted on time and accurately reflected grant activity;
- **Compliance with additional grant requirements** – to determine whether Corcoran complied with award guidelines, grant conditions, and solicitation criteria; and
- **Program performance and accomplishments** – to determine whether Corcoran made a reasonable effort to accomplish stated objectives.

The results of our audit are discussed in detail in the Findings and Recommendations section of the report. We make 1 recommendation to COPS for it to improve its grant application approval process and 12 additional recommendations for COPS to ensure that Corcoran strengthens its internal controls and other program areas to fulfill the terms and conditions of the grant. We discussed the results of our audit with officials from COPS and Corcoran, and have included their comments in the report, as applicable. Further, we requested from COPS and Corcoran written responses to our draft report, which we received along with comments from Corcoran's sub-recipients (Lemoore, KCSO, and Hanford) and are included in Appendices IV and V. Our audit objective, scope, and methodology are discussed in Appendix I. Appendix II contains a schedule of dollar-related findings. Appendix III contains a schedule of all grant-related expenditures made by the cities of Corcoran, Hanford, Lemoore, and the KCSO as of February 28, 2011.

FINDINGS AND RECOMMENDATIONS

I. COPS' Approval of Corcoran's Technology Program Grant Application

We found that COPS improperly awarded a Technology Program grant to Corcoran for the purpose of funding the personnel costs of four police officers. According to the 2008 Consolidated Appropriations Act conference report, Corcoran was designated to receive \$611,000 to fund equipment for a local narcotics task force. COPS approved \$607,945 in funding to Corcoran for the purpose of providing four police officers to the task force instead of equipment.⁴ This purpose was contrary to the Act as well as COPS' Technology Program requirements, which funded Corcoran's application.

The COPS Technology Program grant awarded to Corcoran was funded by a congressional earmark in the 2008 Consolidated Appropriations Act. The Act stipulated that COPS Technology Program funds should be used for "law enforcement technologies and interoperable communications program, and related law enforcement and public safety equipment."⁵ In addition, the conference report for this funding designated \$611,000 for "Corcoran, California, Narcotics and Gang Task Force Equipment." On June 25, 2008, Corcoran submitted a Technology Program grant application to COPS to fund the personnel costs of four police officers that were to be re-assigned from local law enforcement agencies to a local narcotics task force (Kings County Narcotics Task Force). COPS approved Corcoran's grant application for this non-technological purpose.

The grant's purpose as stated in Corcoran's grant application and approved by COPS was contrary to the 2008 Consolidated Appropriations Act as well as COPS' own regulations. We discussed our concerns with a COPS official who stated that its Earmark Working Group believed that Corcoran's proposed use of the earmarked funds was appropriate. As a result, COPS approved Corcoran's grant application. We disagree with COPS' assessment and approval of the grant. The 2008 Consolidated Appropriations Act allocated approximately \$205 million for "law enforcement technologies and interoperable communications program, and related law enforcement and

⁴ A Congressional rescission on all COPS earmarks reduced the appropriated amount to \$607,945.

⁵ Pub. L. No. 110-161 (2008).

public safety equipment." We confirmed with COPS that Corcoran's grant derived from the funds appropriated in the 2008 Consolidated Appropriation Act for technology and interoperable communication systems. Therefore, COPS' approval of Corcoran's planned use of grant funds for a non-technological purpose – assigning police officers to a local narcotics task force – was not in accordance with the funding legislation.

Corcoran was not the only organization to receive earmarked funds for equipment or interoperable communication systems. According to COPS, there were 1,669 recipients of earmarked Technology Program funding in FYs 2008, 2009, and 2010. We reviewed these earmarked grants that had more than 40 percent of their total budgeted grant funding allocated to personnel costs -- a total of 35 grants that were distributed between FYs 2008, 2009, and 2010. We analyzed these COPS Technology grant applications to determine if COPS misapplied earmarked funds in a similar manner as with Corcoran. Of the 35 applications, we found only 1 instance, besides the Corcoran grant, where COPS had approved the use of earmarked technology funds to pay for the salaries and fringe benefits of a sworn police officer. However, unlike Corcoran's use of the earmarked funds, the program officer for this other grant was creating a database to track cold cases. We concluded that COPS could reasonably consider this to be a technological use of grant funds and therefore, we did not take exception to this award.

COPS' approval of Corcoran's grant application also violated its own Technology Program requirements, specifically its Technology Program Application Guide. The Technology Program Application Guide stated that grant applications to fund sworn police officer positions will not be funded. Corcoran's plan, in submitting its grant application, was to fund sworn police officers (police officers) who would conduct undercover narcotics investigations as part of a local narcotics task force. There was no technological role that these police officers were to fulfill.

Specifically, the Application Guide stated:

COPS Technology grants provide funding for the continued development of technologies and automated systems to assist state, local, and tribal law enforcement agencies in investigating, responding to, and preventing crime. This funding will allow recipients the opportunity to establish and enhance a variety of technical equipment and/or programs to encourage the continuation and enhancement of community policing efforts within

their jurisdictions. The COPS Office developed this grant program to place departments at the forefront of innovative technological developments. . . . [Salaries and benefits for sworn police officers] are generally unallowable, and may only be funded under *extremely limited and extenuating circumstances* and at the discretion of the COPS Office. . . . Unallowable Costs: requests will NOT be funded [for the] salaries and [fringe] benefits of sworn police officers.

Further, the Application Guide stated:

Each grant application must explain how the proposed project would fit into an overall effort to improve public safety through the use of technology. All items under this [technology] grant must be purchased using the legislative intent established by the Consolidated Appropriations Act, 2008 (Pub. L. 110-161).⁶

In reviewing Corcoran's grant application, we did not find that Corcoran requested approval to fund police officer salaries based on any extenuating circumstances. Nor did this application explain how the project would fit into an overall effort to improve public safety through the use of technology. Furthermore, we did not find in COPS' communication with Corcoran that it was approving the application based on extenuating circumstances. As Corcoran's application was to use grant funds for non-technological purposes, COPS should not have approved this application as it did not meet the intent of its own Application Guide nor the 2008 Consolidated Appropriations Act.

Lastly, Corcoran's Chief of Police told us he did not use the earmarked funds for equipment or interoperable communications systems because he did not have a need for \$600,000 worth of equipment. He said his more pressing need was to increase the manpower on the Kings County Narcotics Task Force.⁷

⁶ COPS Fiscal Year 2008 Application Guide: Technology Program.

⁷ The Commander of the Kings County Narcotics Task Force, who is an employee of the California Bureau of Narcotics Enforcement, told us that the narcotics task force did not have enough equipment and much of the equipment that it had was outdated.

Conclusion

In its application, Corcoran stated that grant funds would be used to supplement staffing levels at local law enforcement agencies by backfilling the vacated positions with entry-level police officers. This intended purpose was contrary to the Application Guide. While the grantee's intent was clear and transparent, it was nonetheless not a proper submission. However, COPS is at fault for making the award based on Corcoran's flawed application.

Based on our review of the legislation and COPS' Technology Program requirements, we believe that COPS should not have approved Corcoran's grant application as it was submitted. Corcoran's request to use earmarked Technology Program funds to pay for sworn police officer salaries and fringe benefits was contrary to the 2008 Consolidated Appropriations Act. The Act stated that related funding is to be used for "law enforcement technologies and interoperable communications program, and related law enforcement and public safety equipment." In addition, by approving Corcoran's application to use Technology Program funds for sworn officers, COPS violated its own Technology Program regulations prohibiting this type of use. In order to prevent future instances of improper allocation of appropriated funds, we provide COPS with one recommendation stated below.

Recommendation

We recommend that COPS:

1. Establish a process to ensure that it only approves grant applications that comply with related funding legislation.

II. Corcoran's Administration of the COPS Grant

We also audited Corcoran's administration of the grant and found material non-compliance with the grant requirements. Our findings included internal controls weaknesses, poor cash management practices, indicators of violations of COPS' non-supplanting requirement by not backfilling locally funded police officer positions, inadequate support for expenditures, unallowable expenditures, inaccurate financial reports, and failure to properly adhere to a grant condition related to employment eligibility verification. As a result, we questioned \$321,829 of the \$607,945 grant amount.⁸

Internal Control Environment

We interviewed Corcoran officials from several operational areas, including grants management, accounting, city management, and payroll in order to assess Corcoran's internal controls. Corcoran's latest Single Audit Report, issued February 10, 2011, included an unqualified opinion without noting any material internal control weaknesses, deficiencies, or findings that could relate to Grant 2008-CK-WX-0228.⁹ Our analysis found that Corcoran's financial management system adequately identified grant-related receipts and expenditures and separately accounted for grant-related activities. However, we discovered internal control weaknesses related to Corcoran's payment approval process and receiving policy, as discussed below.

Financial Management System

According to 28 C.F.R. Part 66, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, § 66.20, Standards for financial management systems, requires that grantees and subgrantees meet the standard of accurate, current, and complete financial disclosure, and must maintain accounting records which

⁸ The Inspector General Act of 1978, as amended, contains our reporting requirements for questioned costs. However, not all findings are dollar-related. See Appendix II for a breakdown of our dollar-related findings and for definitions of questioned costs.

⁹ Single Audit Act of 1984, Pub. L. 98-502, and the Single Audit Act Amendments of 1996, Pub. L. 104-156. It sets forth standards for obtaining consistency and uniformity among federal agencies for the audit of states, local governments, and non-profit organizations expending federal awards.

adequately identify the source and application of funds. In addition, these standards require that "effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets."

In general, we found that Corcoran maintained grant-related financial records and data, except for the lack of adequate supporting documents related to grant expenditures, which is discussed later in this report. Based on our review of grant-related transactions that were recorded in Corcoran's accounting system, we found that the system had the capability to accurately record grant-related receipts and expenditures as required by 28 C.F.R. Part 66.

Payment Approval Process

Based on our review of Corcoran's financial policies and procedures including an evaluation of Corcoran's accounting records and interviews with Corcoran's accounting staff, we identified an internal control weakness related to its payment approval process. Specifically, for all payments, including grant-related expenditures, Corcoran's normal payment approval process included preparing a Payment Request Form that facilitated the payment process. Corcoran's Finance Department personnel stated that the proper payment approval procedure begins with an individual approving an invoice for payment through the preparation of a Payment Request Form. After an invoice is approved for payment, another individual approves the payment itself. The payment approval process that Corcoran officials described to us was not formally documented in writing. The lack of a written payment approval process is an internal control weakness because it is more difficult for an organization to consistently adhere to an unwritten process and it may hinder management from consistently ensuring compliance.

While testing grant-related expenditures, we found that four out of nine Payment Request Forms relating to grant expenditures lacked approval or the forms were prepared and approved for payment by the same person (Corcoran's Finance Director). We believe one of the factors that facilitated the Finance Director's ability to both prepare the Payment Request Form and approve payment was that Corcoran lacked written procedures that clearly defined responsibilities for its finance personnel.

Corcoran's Finance Director told us she knew these expenditures were approved and did not need to undergo the normal payment approval process. Even though these were legitimate grant expenditures, internal control weaknesses related to the submission and approval of expenditure

payments may allow funds to be misappropriated. Corcoran should strengthen its internal controls in accordance with 28 C.F.R. § 66.20 and establish clearly defined responsibilities for its finance personnel that feature adequate separation of duties between the preparation of the Payment Request Form and the approval of payments.

Receiving Policy

According to 28 C.F.R. § 66.20, "effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets." According to the Corcoran police officer who was responsible for receiving goods and updating Corcoran's unofficial fixed asset list, Corcoran lacked a written receiving policy for tracking the receipt of goods shipped to the police department. The Corcoran police officer stated that either he or Corcoran's Executive Assistant know what has been ordered and will know when goods will be received. He further explained that, as a small agency, the Corcoran Police Department's process of receiving and tracking property items is adequate for the department's purposes. Notwithstanding general knowledge that an order has been received, we believe that without a written receiving policy, Corcoran is vulnerable to incomplete and inoperable orders, as it does not follow any procedures to verify: the receipt of goods ordered, quantity received, and working order of all accountable property items and goods ordered. Therefore, we believe that Corcoran should establish a receiving policy that ensures that all items that are received are processed uniformly and adequately to allow for verification that the proper items have been received, in the correct quantity, and in good working order.

Drawdowns

On November 6, 2008, 11 months after the grant start date, Corcoran drew down the entire grant award of \$607,945 in two separate drawdowns in the same day. These drawdowns represented advances because Corcoran's grant-related accounting records reflected no expenditures as of November 6, 2008. The first grant-related expenditure did not occur until December 10, 2008, approximately a month after the drawdowns. Corcoran and its sub-recipients (Hanford Police Department, Lemoore Police Department, and the Kings County Sheriff's Office) continued to incur grant-related expenditures after November 6, 2008, which slowly reduced the advanced amount. However, more than 2 years after Corcoran drew down

the entire grant amount, we noted that \$8,422 was still not spent by Corcoran or its sub-recipients.¹⁰

According to 28 C.F.R. § 66.20, "procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used." The regulation goes on to say:

when advances are made . . . the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees.

Corcoran and its sub-recipients did not adhere to these regulations. Corcoran's drawdown of the entire grant award, years and months before disbursements were made, meant that it did not demonstrate a willingness or ability to ensure that it minimized the time elapsed between the advance and the disbursements that were made.

When asked why the entire grant amount was drawn down at once before disbursements were incurred, Corcoran's Chief of Police stated that Corcoran considered it easier to administer the grant if it drew down the entire grant award at once rather than drawing down grant funds on a reimbursement basis. He said drawing down funds on a reimbursement basis would be too difficult to calculate the correct amount to drawdown. We recommend that COPS ensure that Corcoran establish procedures to time drawdowns as close as possible to the incurrence of expenditures.

Expenditures

We reviewed Corcoran's grant-related general ledger and noted that Corcoran did not record in its grant accounting records expenditures related to two of its three sub-recipients, the Hanford Police Department (Hanford) and the Lemoore Police Department (Lemoore); it only included expenditures incurred by Corcoran and the KCSO. In order to perform our transaction testing, we separately obtained from Hanford and Lemoore their grant-related expenditures. When we conducted our fieldwork as of December 31, 2010, grant expenditures according to Corcoran's general

¹⁰ Appendix III contains a chronological listing of grant expenditures incurred by Corcoran and its sub-recipients, as well as a cumulative total of funds that remain unexpended more than 2 years after the entire grant award was drawn down.

ledger as well as Hanford's and Lemoore's individual expenditures, totaled \$585,678. From this total, we selected for testing all of the personnel costs (salaries and fringe benefits) that were incurred, totaling \$579,214. The remaining expenditure amount related to the purchase of ammunition and accountable property.

We tested the grant expenditures that we selected to determine if the transactions were supported, allowable, and reasonable. In addition, we reviewed staffing levels in order to determine if Corcoran and its sub-recipients adhered to the non-supplanting requirement for the grant. Overall, we found significant deficiencies including indicators of supplanting of local funds, inadequate supporting documentation, unallowable expenditures, and improper treatment of accountable property. Below, we discuss in detail the results of our testing.

Non-Supplanting Requirement

The Violent Crime Control and Law Enforcement Act of 1994, which established COPS, states that federal awards are not to supplant but rather supplement local funds. Upon accepting the grant award, Corcoran and its sub-recipients agreed to abide by the grant condition, which requires that grantees not use grant funds to supplant local funding. To avoid supplanting local funds with federal dollars, COPS requires that "COPS officer and civilian positions must be in addition to any locally-funded positions." Consistent with COPS' non-supplanting rule, Corcoran agreed in its grant application that it, Hanford, Lemoore, and the KCSO would backfill the four police officer positions that were re-assigned to the Kings County Narcotics Task Force by hiring four new sworn police officers.

We discussed the issue of backfilling the re-assigned positions with officials from Corcoran, Hanford, Lemoore, and the KCSO. In addition, we reviewed and analyzed each agency's personnel rosters, including termination dates, hiring dates, and vacancy advertisements in order to determine if each agency complied with COPS' non-supplanting requirement. We factored 5 percent into our analysis of personnel target levels to accommodate normal and routine personnel turnover.

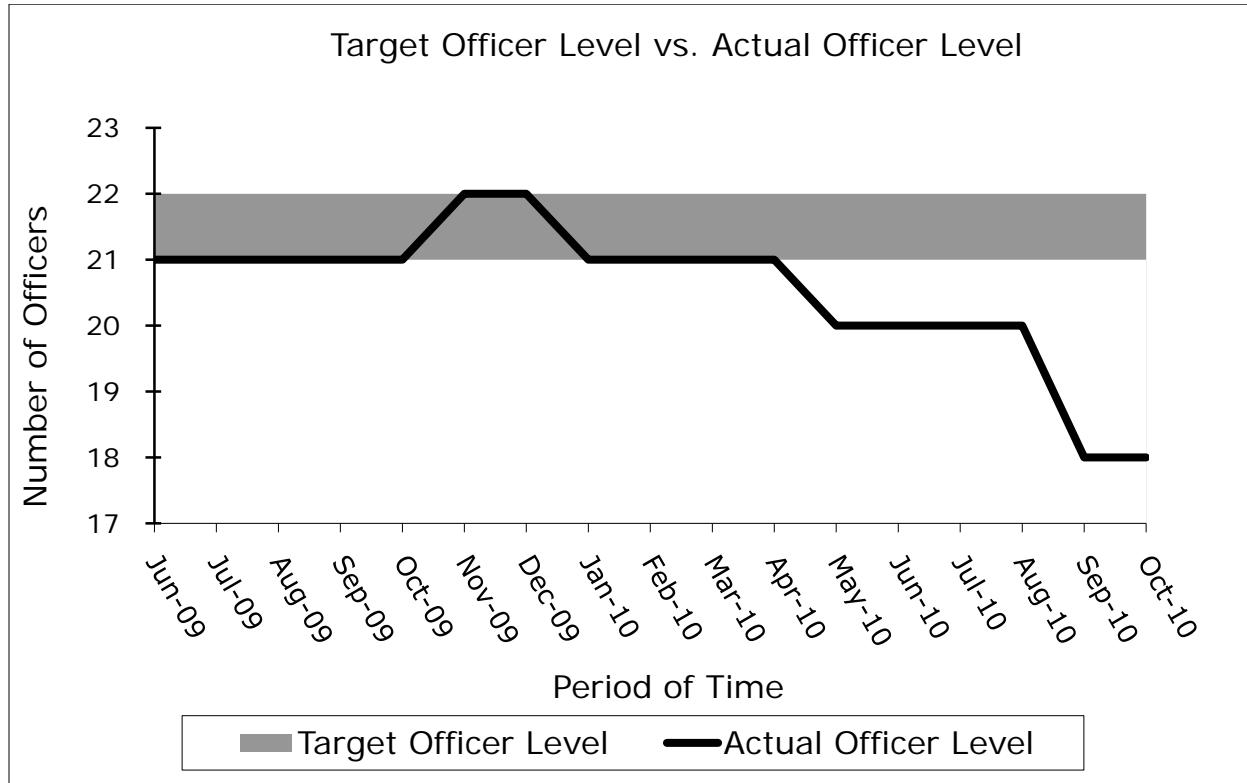
Corcoran Police Department

In June 2009, Corcoran began charging the grant for its one police officer that it had detailed to the Kings County Narcotics Task Force. Corcoran officials stated that they had backfilled the re-assigned position. However, we found the position was backfilled with an existing entry-level sworn police officer. Corcoran's action did not qualify as backfilling the

grant-funded position. Additionally, in September 2010, the entry-level police officer resigned leaving the position vacant. In October 2010, Corcoran had expended 100 percent of their portion of the grant.

We determined that Corcoran's baseline headcount in June 2009, prior to grant-related payroll transactions, was 21 police officers. In order to verify whether Corcoran had added another police officer to the baseline, we analyzed Corcoran's police officer headcount between June 2009 and October 2010. In our calculation of Corcoran's headcount, as well as for its sub-recipients, we factored in a 5 percent allowance for normal personnel turnover. As shown in Exhibit 2, Corcoran's headcount did not increase by one position in June 2009.

EXHIBIT 2
MONTHLY SWORN POLICE OFFICER HEADCOUNT FOR
CORCORAN POLICE DEPARTMENT¹¹
JUNE 2009 TO OCTOBER 2010



Source: OIG analysis of data from Corcoran

¹¹ Unpaid reservists are excluded from Corcoran's headcount. The Target Officer Level and Actual Officer Level were calculated as of the end of each month. The OIG has factored in 5 percent for normal and routine personnel turnover, which means that the Target Officer Level represents a range consisting of 95 percent to 100 percent of the target.

The data in Exhibit 2 shows that the only time Corcoran's headcount increased was between November and December 2009. This is the only period of time during the grant that Corcoran had truly backfilled the position by adding another police officer to their police force. The rest of the time, Corcoran's police officer headcount was either below the full staffing target level or below 95 percent of that target level. Corcoran should have increased its baseline of police officers by one position throughout the life of the grant. We view Corcoran's failure to backfill positions as an indicator of supplanting.

Corcoran's Police Chief told us that he viewed the COPS' Technology Program grant as a money saving mechanism for the police department during the period covered by the grant. He further stated that Corcoran intends to retain the grant-funded position after the grant expires and absorb the salary and fringe benefits into its local budget.

Based on indicators that Corcoran supplanted local resources, we questioned \$41,328 for the period of May 2010 to October 2010. The questioned amount was calculated based on the salary and fringe benefits of Corcoran's grant-funded position for the 6 months that it fell below 95 percent of the upper bound of the target line.

For Hanford, Lemoore, and the KCSO, we likewise reviewed each of these agency's efforts to backfill the positions that were re-assigned to the Kings County Narcotics Task Force. As the official grantee for the COPS grant, we first asked Corcoran whether it knew if Hanford, Lemoore, and the KCSO backfilled their three positions and supplemented each agency's police officer headcount with at least one additional police officer. Corcoran officials told us they did not know if its sub-recipients backfilled the positions. As the official grantee, Corcoran is ultimately responsible for ensuring that Hanford, Lemoore, and the KCSO adhere to grant rules and requirements, such as backfilling the positions and adhering to the non-supplanting requirement. Given that Corcoran and its officials were not aware of whether Hanford, Lemoore, and the KCSO backfilled their positions or supplanted local resources with COPS' grant funding, we find this to be of significant concern.

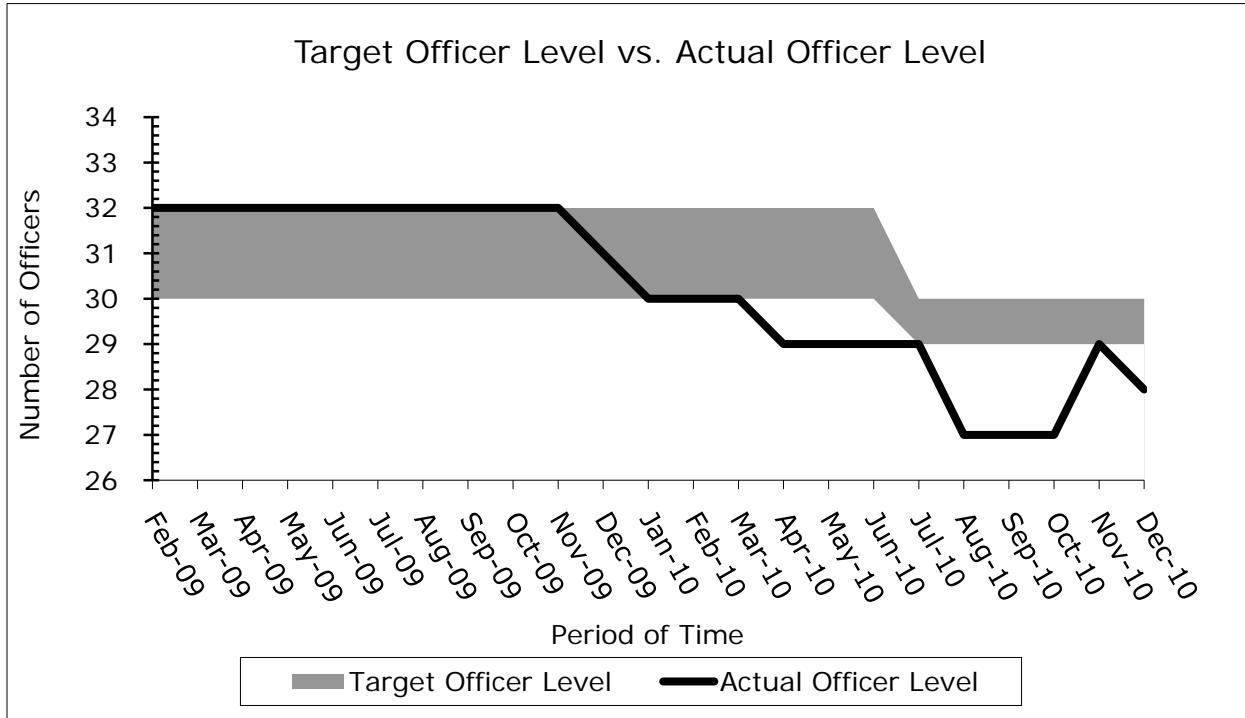
We asked officials from Hanford, Lemoore, and the KCSO to provide us with information as to whether each agency backfilled the police officer position it re-assigned to the task force. In response, officials from both Hanford and the KCSO stated that they were unsure if their agencies backfilled the positions re-assigned to the task force. A Lemoore official stated that Lemoore backfilled the position with an entry level officer in February 2009, 13 months after the grant start date.

We then reviewed the police officer head counts of each of Corcoran's sub-recipients in order to confirm whether each agency backfilled the positions re-assigned to the task force.

Lemoore Police Department

We found that Lemoore hired its backfill in mid-February 2009 and started billing the grant for its police officer detailed to the Kings County Narcotics Task Force in July 2009. We determined that Lemoore's baseline in early February 2009, prior to grant-related payroll transactions, was 31 police officers. To verify whether Lemoore had added another police officer to the baseline police force, we analyzed Lemoore's police officer headcount between February 2009 and December 2010. As shown in Exhibit 3, Lemoore's police officer headcount increased by one position in February 2009 and Lemoore maintained this increase for 10 months. After November 2009, Lemoore's police officer headcount decreased from 32 positions to a low of 27 in October 2010. During this time, Lemoore reduced the size of its budgeted police force in July 2010 from 32 to 29 total budgeted police officer positions. We took this budget reduction into account in our analysis.

EXHIBIT 3
MONTHLY SWORN POLICE OFFICER HEADCOUNT FOR
LEMOORE POLICE DEPARTMENT¹²
FEBRUARY 2009 TO DECEMBER 2010



Source: OIG analysis of data from Lemoore

The data shows that Lemoore's police officer headcount was not within the target level of officers between April and June 2010, between August and October 2010, and in December 2010. Lemoore should have increased its baseline of police officers by one position throughout the life of the grant, beginning in February 2009. We view Lemoore's failure to backfill the grant funded position as an indicator of supplanting. Therefore, we questioned \$52,172 of the COPS grant that was attributable to the Lemoore police officer's salary and fringe benefits for the period of time that Lemoore's headcount fell below 95 percent of the upper bound of the target line.

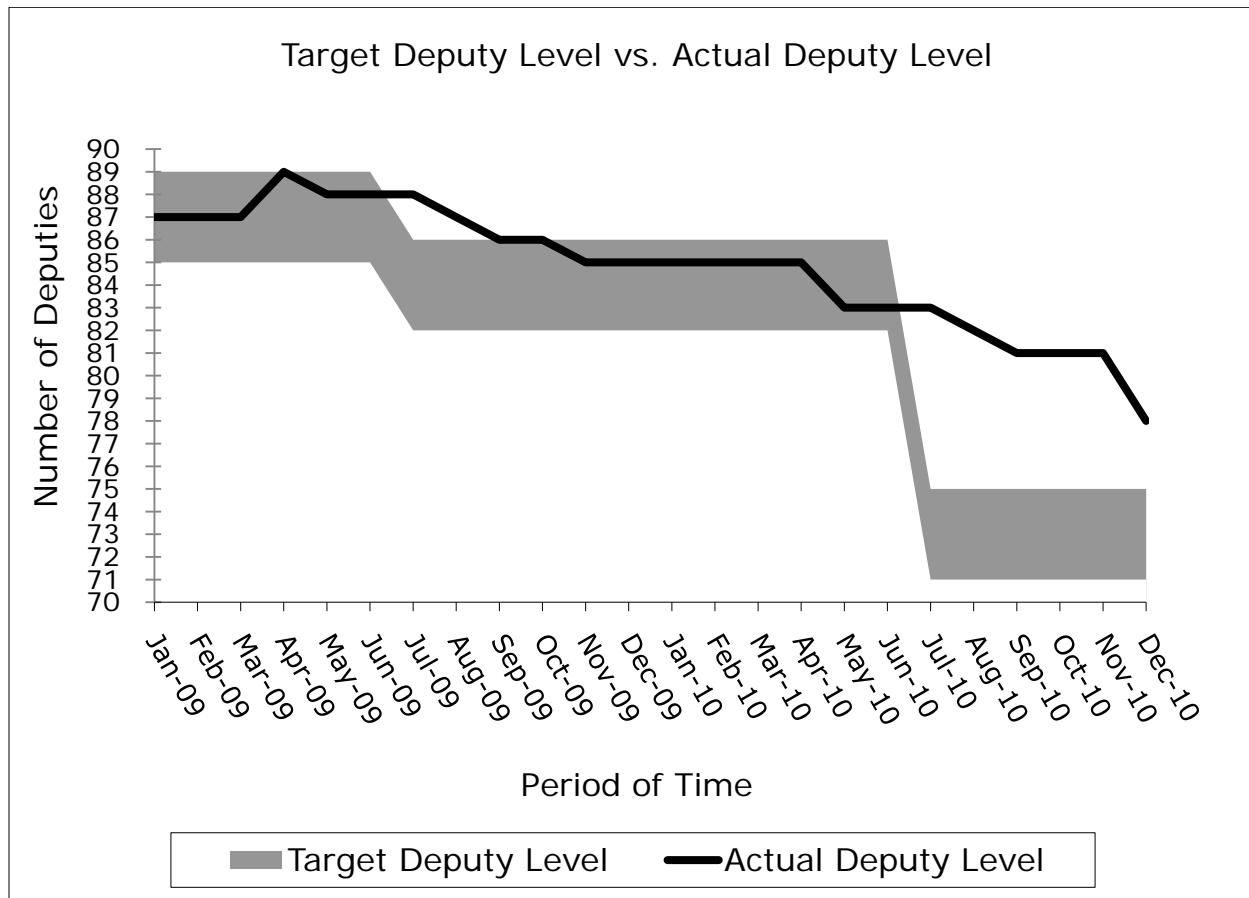
Kings County Sheriff's Office

For the KCSO, we found that it started billing the grant for the deputy that it detailed to the Kings County Narcotics Task Force in

¹² The Target Officer Level and Actual Officer Level were calculated as of the end of each month. The OIG has factored in 5 percent for normal and routine personnel turnover, which means that the Target Officer Level represents a range consisting of 95 percent to 100 percent of the target.

January 2009. We determined that the KCSO's baseline in January 2009, prior to grant-related payroll transactions, was 88 deputies. To verify whether the KCSO had added another deputy to the baseline police force, we analyzed the KCSO's actual deputy headcount between January 2009 and December 2010. We factored into our analysis reductions in budgeted deputy positions, including the reduction of 3 deputy positions in July 2009 and the loss of a contract with the City of Avenal, California in July 2010 which reduced the KCSO's budgeted positions by 11 deputies. As shown in Exhibit 4, the KCSO's headcount did not increase by one position in January 2009 and only increased from its baseline between April 2009 and July 2009.

EXHIBIT 4
MONTHLY SWORN DEPUTY HEADCOUNT FOR
KINGS COUNTY SHERIFF'S OFFICE¹³
JANUARY 2009 TO DECEMBER 2010



Source: OIG analysis of data from Kings County Sheriff's Office

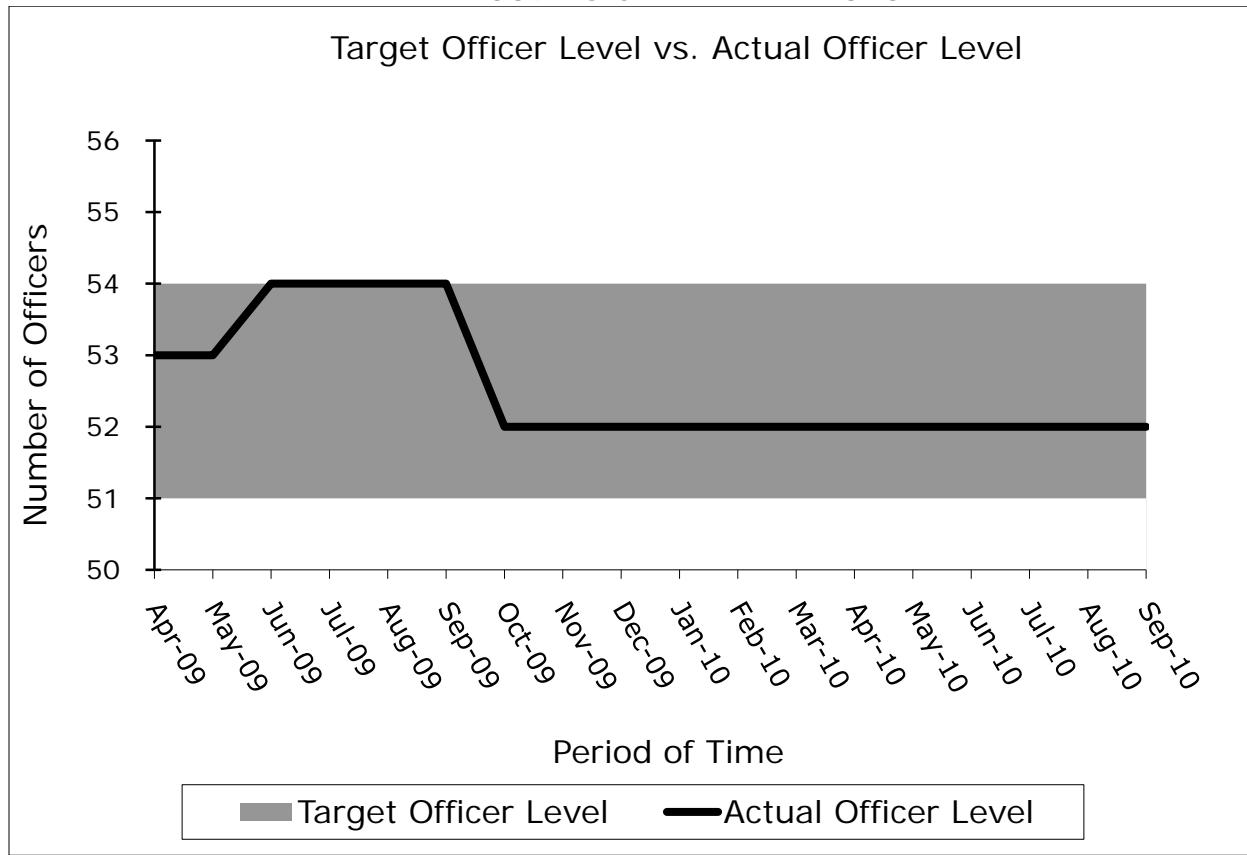
The KCSO was within or above the target range, which incorporates a 5 percent rate for turnover, for the period of our review. However, between January 2009 and March 2009, in May and June 2009, and between November 2009 and June 2010 the KCSO's headcount was one deputy less than what it should have had on board after receiving its COPS-funded deputy position. This concerns us. However, because we found the KCSO to be within our target range for the period of our review, we did not question costs for the KCSO.

¹³ The Target Deputy Level and Actual Deputy Level were calculated as of the end of each month. The OIG has factored in 5 percent for normal and routine personnel turnover, which means that the Target Deputy Level represents a range consisting of 95 percent to 100 percent of the target.

Hanford Police Department

We found that Hanford started billing the grant for its police officer detailed to the Kings County Narcotics Task Force in April 2009. We determined that Hanford's baseline in April 2009, prior to grant-related payroll transactions, was 53 police officers. Additionally, Hanford had expended 100 percent of its portion of grant funds by September 2010. To verify whether Hanford had backfilled the position transferred to the task force, we analyzed Hanford's police officer headcount between April 2009 and September 2010. As shown in Exhibit 5, Hanford's headcount did not increase by one position in April or May 2009, but did increase by one police officer briefly between June 2009 and September 2009.

EXHIBIT 5 MONTHLY SWORN POLICE OFFICER HEADCOUNT FOR HANFORD POLICE DEPARTMENT¹⁴ APRIL 2009 TO SEPTEMBER 2010



Source: OIG analysis of data from Hanford

¹⁴ The Target Officer Level and Actual Officer Level were calculated as of the end of each month. The OIG has factored in 5 percent for normal and routine personnel turnover, which means that the Target Officer Level represents a range consisting of 95 percent to 100 percent of the target.

Although Hanford was within our target for the period of our review, we note that between October 2009 and September 2010, Hanford's headcount was one police officer less than what it had on board prior to receiving its COPS-funded police officer position. This concerns us. However, because we found Hanford to be within our target range for the period of our review, we did not question costs for Hanford.

In total, we questioned \$41,328 in grant charges for Corcoran and \$52,172 for Lemoore because we found significant indications that these entities did not adhere to COPS' non-supplanting requirement.

Unsupported Personnel Expenditures

On November 12, 2008, Corcoran advanced to Lemoore and Hanford each \$151,986 in grant funds to fund the personnel costs of the police officers re-assigned to the Kings County Narcotic Task Force. We requested of Corcoran documentation to support this \$303,973 disbursement in grant funds to Lemoore and Hanford. Corcoran responded by providing us with summaries of the sub-recipients' grant-related expenditures, which Corcoran solicited from the sub-recipients based on our request. From November 2008 to July 2010, Lemoore and Hanford did not provide invoices, timesheets, or other means of supporting documentation to Corcoran as support for the grant-related expenditures that each agency incurred.

We learned from a Corcoran official that Corcoran did not require Lemoore or Hanford to provide invoices, timesheets, or any form of support for their grant expenditures. Rather, Corcoran requested that Lemoore and Hanford provide a status of their grant funds only upon our request for documentation. When we asked why Corcoran lacked adequate support for the grant funds that it provided to Lemoore and Hanford, Corcoran officials told us that they trusted these police agencies and therefore did not require support for their expenditures.

According to 28 C.F.R. § 66.20, ". . . grantees and subgrantees must maintain records which adequately identify the source and application of [grant] funds provided for financially-assisted activities." Additionally, 28 C.F.R. § 66.20 states that ". . . accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc." Furthermore, 2 C.F.R. Part 225, Cost Principles for State, Local, and Indian Tribal Governments (formerly known as OMB Circular A-87) states:

. . . where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and

wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.

In our discussions with the police officers that Lemoore and Hanford assigned to the Kings County Narcotics Task Force, we learned that they sometimes performed non-task force related activity. Any activity that was non-task force related would also not be a grant-related activity. Therefore, we requested and received a sample of Lemoore's and Hanford's timesheets for two non-consecutive payroll periods directly from Lemoore and Hanford to verify task force-related activity. Based on our review, we found that these timesheets lacked information related to whether the grant-funded police officers devoted all of their regular time to the Kings County Narcotics Task Force or not. These timesheets did not have the required information described in 2 C.F.R. Part 225.

Because the grant expenditures made by Lemoore and Hanford were not supported with invoices to Corcoran or timesheets detailing regular duty activity and we were told by the police officers that they do not spend 100 percent of their time on task-force related activities, we were not able to obtain adequate evidence to support the amount of regular time that the police officers spent on task force-related activity. Therefore, we questioned \$211,782 in personnel costs expended by Lemoore (\$87,419) and Hanford (\$124,363) for its two police officers that were re-assigned to the Kings County Narcotics Task Force. Of the \$87,419 in questioned costs related to Lemoore's lack of adequate support, \$24,875 was previously questioned in our finding related to Lemoore's failure to adequately backfill its grant-funded police officer. In order to avoid questioning the same dollars twice, we adjusted the questioned costs associated with the lack of adequate support to total \$186,907.

On November 12, 2009, Corcoran also provided to the KCSO a lump sum advance of \$151,986. Five months later, the KCSO returned all of these grant funds to Corcoran and stated that it preferred to invoice Corcoran for expenses incurred and seek reimbursement from Corcoran rather than receive a lump sum advance. We reviewed all six of the KCSO's invoices that it billed to Corcoran and found the invoices to be inadequately supported. Corcoran's Accounting Technician stated that Corcoran did not require the KCSO to provide timesheets in support of the KCSO's invoices. We believe that the KCSO's invoices should have included timesheets as

support for the time that the KCSO's deputy worked on the narcotics task force in accordance with the requirement stated in 28 C.F.R. § 66.20.

We separately requested and received from the KCSO a sample of timesheets for two non-consecutive payroll periods. We reviewed the timesheets and found they lacked information regarding how much time the KCSO's grant-funded deputy devoted to the Kings County Narcotics Task Force. Therefore, these timesheets did not have the required information as stipulated in 2 C.F.R. Part 225.

We asked KCSO officials if periodic certifications were maintained in accordance with 2 C.F.R. Part 225 to support the grant-related policing activities of the deputy assigned to the Kings County Narcotics Task Force. The KCSO provided time studies, which its deputy prepared for every pay period, that identified the amount of time that the deputy devoted to working on the Kings County Narcotics Task Force and the amount of time worked on other policing activities. Our analysis of these time studies found that the deputy did not work 100 percent of his time on the task force. Rather, we found that the deputy worked 100 hours on non-task force related activities or the equivalent of \$3,470. If Corcoran had requested support for the KCSO invoices, then we believe that it would not have inadvertently overcharged the grant for non-grant-related activities. Therefore, we questioned \$3,470 that was inappropriately charged to the grant for the KCSO deputy's non-task force related work.

In addition, we found 13 of the time studies were improperly prepared because the time studies lacked either the employee's signature and the approval of the deputy's supervisor as required by 2 C.F.R. Part 225. Therefore, we questioned \$36,752 related to the KCSO's invoices for lack of adequate support for the KCSO deputy's activities on the Kings County Narcotics Task Force. As a result of the improper charge and the lack of adequate support, we questioned \$40,222 (\$3,470 + \$36,752) of the \$114,808 that the KCSO billed to Corcoran.¹⁵

In total, we questioned \$248,534 for non-grant-related expenditures or expenditures lacking adequate support related to all three of Corcoran's sub-recipients.

Unsupported Canine Expenditures

According to 28 C.F.R. § 66.20, expenditures that are charged to a grant must be related to the grant's purposes and be in accordance with the

¹⁵ Grant expenditure total for the KCSO was as of June 2010.

terms of the grant. Based on our review of Corcoran's payroll documents, including timecards related to Corcoran's police officer that was re-assigned to the Kings County Narcotics Task Force, we identified unsupported expenses that were charged to the grant. Specifically, Corcoran's police officer was paid a total of \$1,586 in stipends over six pay periods between July 1, 2009, and September 13, 2009, for the care and upkeep of the department's canine. Corcoran officials told us the stipend was charged to the grant because Corcoran officials forgot to remove this stipend when charging its police officer's salary to the grant. However, Corcoran officials also stated that the canine was available for the Kings County Narcotics Task Force members and had been used by them occasionally in the past. We requested and received documentation from Corcoran that indicated that the canine had been used once in July 2009 and once in September 2009 for task force searches. Based on that documentation, we did not question \$386 for the care and upkeep of the canine for the two pay periods in which it was used. However, for the remaining amount of the stipend that was charged to the grant, there was no supporting documentation to indicate that the canine was used primarily for grant-related purposes. Therefore, we questioned \$1,200 of the \$1,586 stipend as unsupported. If future canine expenditures are charged to Department of Justice grants, Corcoran should develop a mechanism by which to determine and allocate grant-related and non-grant related expenses.

Accountable Property

Our review of Corcoran's policies and procedures found that Corcoran lacked a written fixed asset policy. Corcoran's Finance Director stated that the city and its internal auditors informally agreed that the city would capitalize assets above \$2,000. According to 28 C.F.R. Part 66, property records that include a description of the property and its location and cost must be maintained. In addition, grantees that purchase property items with grant funds are also required to maintain property records that identify whether the property was purchased with federal or other types of funding.

We reviewed Corcoran's grant-related purchases and identified one property item, a police radio purchased for \$2,273 that met Corcoran's informal capitalization threshold, as mentioned above. We physically verified the existence of this radio and found that it was being used for grant-related purposes. However, the police radio was not recorded in Corcoran's official property records. Instead, we found the same radio recorded on Corcoran's unofficial inventory list, except, it was not identified as having been purchased with federal funds.

We believe that since the radio was not capitalized nor recorded in Corcoran's official property records, it was susceptible to misappropriation because it would not be accounted for during the city's annual inventory. We recommend that COPS ensure Corcoran establishes a formal fixed asset policy that includes recording grant-funded property purchases in its official property records and identifying whether the property was purchased with federal funds.

Reporting Requirements

We reviewed the FSRs and annual Progress Reports that Corcoran submitted to COPS in accordance with 28 C.F.R. § 66.40 and 28 C.F.R. § 66.41 to determine whether these reports were submitted on time and were accurate. Overall, we found that the financial reports that Corcoran submitted were not submitted in a timely manner and were not accurate. However, we found that Corcoran submitted its Progress Reports in a timely manner.

Financial Status Reports

According to 28 C.F.R. § 66.41, grantees are required to submit FSRs periodically and "the federal agency may prescribe the frequency of the report for each project or program." COPS requires grantees to submit FSRs on a quarterly basis; under 28 C.F.R. § 66.41, "when reports are required on a quarterly or semiannual basis, they will be due 30 days after the reporting period." The final FSR is due 90 days after the grant's end date. As shown in Exhibit 6, we reviewed eight FSRs and found that Corcoran failed to submit six FSRs, submitted one FSR 39 days late, and submitted one FSR on time.

EXHIBIT 6
FINANCIAL STATUS REPORT HISTORY
GRANT 2008-CK-WX-0228

Report No.	Reporting Period	Report Due Date	Date Submitted	Days Late
1	07/01/08 to 09/30/08	10/30/08	Not Submitted	NA
2	10/01/08 to 12/31/08	01/30/09	Not Submitted	NA
3	01/01/09 to 03/31/09	04/30/09	06/08/09	39
4	04/01/09 to 06/30/09	07/30/09	07/17/09	0
5	07/01/09 to 09/30/09	10/30/09	Not Submitted	NA
6	10/01/09 to 12/31/09	01/30/10	Not Submitted	NA
7	01/01/10 to 03/31/10	04/30/10	Not Submitted	NA
8	04/01/10 to 06/30/10	07/30/10	Not Submitted	NA

Source: OIG analysis of FSRs

As shown above, Corcoran failed to submit quarterly FSRs as required. We also found that on June 30, 2009, Corcoran incorrectly reported that all of the grant funds were expended. According to Corcoran's Executive Assistant, FSRs were not filed due to a misunderstanding about the reporting requirements. As discussed below, Corcoran did not use all of the grant funds as of June 30, 2009, and should not have stopped submitting its FSRs to COPS.

28 C.F.R. § 66.20 states that grantees are required to disclose accurate, current, and complete financial results for financially assisted activities. We reviewed the two FSRs that Corcoran submitted to COPS in order to determine whether they were accurate and complete. We compared the FSRs to Corcoran's grant accounting records and our calculation of expenditures made by Lemoore and Hanford for grant-related activities that should have been recorded in Corcoran's accounting records and we found the FSRs to be significantly inaccurate (see Exhibit 7).

EXHIBIT 7
ACCURACY OF CORCORAN'S FINANCIAL STATUS REPORTS
GRANT 2008-CK-WX-0228

Report No.	Reporting Period	Cumulative Expenditures Reported on FSR	Cumulative Grant-Related Expenditures	Difference Between FSRs and Accounting Records
3	01/01/09 – 03/31/09	\$303,972	\$18,517	\$(285,455)
4	04/01/09 – 06/30/09	\$607,945	\$85,119	\$(522,826)

Source: OIG analysis of COPS data and Corcoran's accounting records

Even though Corcoran's accounting records reflected total expenditures of \$18,517 for the quarter ending March 31, 2009, Corcoran's FSR included expenditures totaling \$303,972. On its second FSR for the period ending June 30, 2009, Corcoran showed that all of the grant funds had been expended. However, Corcoran's official accounting records and sub-recipient expenditures totally \$85,119 in expenditures for that same period.

Corcoran's Finance Director stated that Corcoran's FSRs included the expenditures that were recorded in its financial management system. We found that this was not the case. The Finance Director also told us that Corcoran's first FSR included the total amount it advanced to both Lemoore and Hanford. In addition, the Finance Director stated that a COPS official instructed Corcoran to report all of the grant funds had been expended in the second FSR. We asked COPS officials about this statement and they stated that COPS did not provide such an instruction to Corcoran.

In addition to including Corcoran's grant expenditures on its FSRs, Corcoran should have also included only actual grant-related expenditures incurred by Hanford, Lemoore, and the KCSO. We recommend that COPS ensure that Corcoran establish processes for submitting all required FSRs and ensuring they are accurate and complete.

Progress Reports

We reviewed the annual Progress Reports that Corcoran submitted to COPS to determine if the reports were submitted on time and were accurate. According to 28 C.F.R. § 66.40, program performance must be monitored and reported annually. These reports are due 90 days after the reporting period. Specifically, we reviewed the two Progress Reports that Corcoran submitted to COPS and found that both reports were submitted on time (see Exhibit 8).

EXHIBIT 8 PROGRESS REPORT HISTORY GRANT 2008-CK-WX-0228

Report No.	Reporting Period	Report Due Date	Date Submitted	Days Late
1	01/01/08 to 12/31/08	03/31/09	01/27/09	0
2	01/01/09 to 12/31/09	03/31/10	02/02/10	0

Source: OIG data analysis of COPS data

In addition, we reviewed the information that Corcoran included in its Progress Reports and found that Corcoran had difficulty in reporting program

information related to the re-assignment of police officers to the local narcotics task force because its Progress Reports were designed to capture Technology Program grant information rather than hiring information. As a result, it was especially difficult for Corcoran to report on its efforts to backfill the grant-funded position.

Compliance with Additional Grant Requirements

We reviewed Corcoran's grant award documentation to identify any additional special requirements that COPS placed upon Corcoran as a condition of the grant award. We found that Corcoran did not comply with a grant condition related to maintaining employment eligibility documents. One of the grant conditions required that Corcoran maintain the Department of Homeland Security, U.S. Citizenship and Immigration Services' Form I-9, Employment Eligibility Verification (Form I-9) for its grant-funded positions.¹⁶ According to the Form I-9 instructions, "employers must retain completed Forms I-9 for three years after the date of hire or one year after the date employment ends, whichever is later." We found that Corcoran did not maintain the Forms I-9 for its police officer that it re-assigned to the Kings County Narcotics Task Force and for the entry-level police officer that it hired to backfill the re-assigned police officer's position. Corcoran's Human Resources official stated that she shredded the Forms I-9 after 1 year, believing that was the required time Corcoran had to maintain these forms. We recommend that COPS ensure that Corcoran establishes a procedure to maintain the Forms I-9 as required.

Program Performance and Accomplishments

According to the grant application, the purpose of the grant was to add law enforcement officers to the Kings County Narcotics Task Force, which is led by the State of California's Department of Justice, Bureau of Narcotics Enforcement. Program performance is measured and communicated through an annual report compiled by the Kings County Narcotics Task Force. Drug investigation statistics from these annual reports are shown in Exhibit 9. The 2008 report noted an overall decrease in arrests and personal asset seizures, although the market value of narcotics and dangerous drug seizures increased substantially and personnel hours devoted to the program increased in comparison to the 2007 report. According to the Kings County Narcotics Task Force Commander, the decreases are attributable to a wave of hiring and training of seven new non-grant funded officers. It took time

¹⁶ The purpose of the Form I-9 is to document that each new employee (both citizen and noncitizen) hired after November 6, 1986, is authorized to work in the United States. All employees (both citizen and noncitizen) hired after November 6, 1986, and working in the United States must complete the Form I-9.

to train these officers to operate undercover. The COPS Technology Program grant-funded officers who were added to the task force in 2009 also affected the task force's statistical measurements. The 2009 report cited an increase in arrests, more personnel hours devoted to the Kings County Narcotics Task Force, and more personal assets seized. However, during 2009, the market value of narcotics and dangerous drug seizures decreased. For 2010, the task force reported a slight decrease in arrests, more personnel hours devoted to the Kings County Narcotics Task Force, and substantially more assets seized.

EXHIBIT 9
STATISTICAL PERFORMANCE MEASUREMENTS FOR THE
KINGS COUNTY NARCOTICS TASK FORCE

Statistical Categories	2007	2008	2009	2010
Drug Arrests	95	50	98	97
Number of Officers	6	9	13	13
Total Personnel Hours	8,845	8,890	15,794	17,447
Dollar Value of Personal Asset Seizures	\$82,557	\$25,497	\$31,445	\$69,340
Market Value of Narcotics and Dangerous Drug Seizures	\$427,646	\$2,053,345	\$975,083	\$2,252,697

Source: OIG analysis of data provided by the Kings County Narcotics Task Force

We also found that the Kings County Narcotics Task Force and other local law enforcement agencies partnered with state and federal agencies in an operation to dismantle a prominent prison gang, the Nuestra Familia, who were primarily based in the Kings County area. As of August 2010, 36 arrests were made in connection with the Nuestra Familia case. In addition to disrupting a large prominent drug ring, the Kings County Narcotics Task Force investigated and apprehended lower level street dealers, responded to normal patrol duties, and provided surveillance as requested by local law enforcement agencies.

We interviewed Kings County Narcotics Task Force personnel and made site visits to the task force headquarters in order to verify that the officers from Corcoran, Hanford, Lemoore, and the KCSO were in fact re-assigned to the task force and were working towards the task force's goal of suppressing the spread of narcotics in Kings County. Based on our discussions with task force personnel, review of documented accomplishments, and observations of the re-assigned officers working at the task force headquarters, we believe that Corcoran fulfilled its goal for the grant in re-assigning officers to the narcotics task force.

Conclusion

Our audit found significant deficiencies in Corcoran's administration of the COPS Technology Program grant. We identified internal control weaknesses, including the lack of clearly defined responsibilities among Corcoran's finance staff regarding the payment approval process and inadequate separation of duties. Corcoran also lacked a receiving policy that would ensure a uniform process for receiving all property items, and a formal fixed asset policy. Although Corcoran's informal, unwritten fixed asset policy established a \$2,000 threshold for property items, it did not identify a radio purchased with grant funds that exceeded the threshold, nor was the item recorded in Corcoran's official property records. We make several recommendations to COPS to ensure Corcoran address these weaknesses.

Based on our grant expenditure testing, we found significant indications that Corcoran and its sub-recipient, Lemoore, did not adhere to COPS' non-supplanting policy. The grant funded the personnel costs associated with four police officers that were re-assigned from the four police departments to the Kings County Narcotics Task Force. Each of the four agencies was required to backfill the vacated positions with entry-level sworn police officers. We found that this was not accomplished in two cases in a manner that would ensure that the COPS funding supplemented rather than supplanted local resources. As a result, we calculated that \$41,328 in grant funded police officer personnel costs related to Corcoran's failure to adequately backfill its position. Likewise, Corcoran allowed similar violations to occur with one of its sub-recipient, Lemoore (\$52,172). Therefore, we questioned a total of \$93,500 due to Corcoran and Lemoore's failure to adequately backfill their grant-funded positions.

In addition, we identified \$186,907 in Hanford's and Lemoore's salary and fringe benefit charges that lacked adequate support to indicate that the funded officers' work was fully dedicated to the narcotics task force. Based on our transaction testing, we found that the KCSO's personnel costs also lacked adequate support, such as time certifications signed by the employee and approved by a supervisor. These time studies indicated that Corcoran improperly charged \$3,470 of the KCSO's expenditures to the grant. Additionally, we questioned \$36,752 in personnel costs related to the KCSO's lack of adequate support.

We also found \$1,200 in unsupported charges related to a canine stipend that an officer received. Corcoran lacked support for the canine stipend to indicate it was used for grant-related purposes. Therefore, we questioned the amount of the stipend.

Corcoran filed inaccurate FSRs that were not based on information from Corcoran's financial management system. Also, only two of eight required FSRs were filed; of these, one FSR was filed late, and one FSR was filed in a timely manner. Lastly, Corcoran failed to comply with a grant condition related to maintaining required employment eligibility verification forms. As a result, we make 12 recommendations to COPS to ensure Corcoran addresses each of our findings.

Recommendations

We recommend that COPS ensure that Corcoran:

2. Strengthen its internal controls and establish clearly defined responsibilities for its financial personnel to include adequate separation of duties.
3. Establish a receiving policy that includes a uniform process for receiving all items as well as verifying that the proper items have been received, in the correct quantity, and in good working order.
4. Establish procedures to time drawdowns as close as possible to the incurrence of expenditures.
5. Remedy \$41,328 in questioned costs for Corcoran and \$52,172 for Lemoore for failing to adequately backfill the required positions.
6. Remedy \$186,907 of inadequately supported grant expenditures related to personnel costs from Corcoran's sub-recipients, Hanford and Lemoore.
7. Remedy \$3,470 of unallowable grant expenditures related to the KCSO's personnel costs that did not relate to the grant.
8. Remedy \$36,752 of inadequately supported grant expenditures related to personnel costs from Corcoran's sub-recipient, the KCSO.
9. Remedy \$1,200 in unsupported canine stipends paid to a Corcoran police officer.
10. Establish a process to ensure expenditures are properly approved.
11. Establish a formal fixed asset policy and properly record all grant-funded property purchases on its official property records.

12. Establish a process for preparing accurate and complete FSRs and that all FSRs are submitted in a timely manner.
13. Establish procedures to comply with the grant condition requiring the retention of Forms 1-9.

APPENDIX I

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of this audit were to: (1) assess whether COPS appropriately funded Corcoran's Technology Program grant application in accordance with the 2008 Consolidated Appropriations Act and COPS' Technology Program requirements, and (2) determine whether Corcoran's cost reimbursements claimed under the grant were allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, compliance with grant requirements, and terms and conditions of the grant. The latter included a review of Corcoran's internal control environment; cash management; grant expenditures; property management; FSR and Progress Reports; and program performance and accomplishments.

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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit's objective.

Unless otherwise specified, our audit covered, but was not limited to, activities that occurred between the start of Grant 2008-CK-WX-0228 in December 2007 through February 2011. Further, the criteria we audited against are identified in the body of our report and contained in the Code of Federal Regulation, OMB Circulars, and specific program guidance, such as award documents.

We did not test internal controls for Corcoran taken as a whole or specifically for the grant program administered by the Corcoran. An independent Certified Public Accountant conducted an audit of Corcoran's financial statements. The results of this audit were reported in the Single Audit Report that accompanied the Independent Auditors' Report for the year ending June 30, 2010. The Single Audit Report was prepared under the provisions of OMB Circular A-133. We reviewed the independent auditor's assessment to identify control weaknesses and significant noncompliance issues related to Corcoran or the federal programs it was administering, and we assessed the risks that those findings have on our audit.

Additionally, we performed testing on grant expenditures, drawdown, and property management and limited sample testing on payroll. In this effort, we employed judgmental sampling and we identified samples of two

payroll timesheets. We tested: all seven grant expenditures from the beginning of the grant to the end of our fieldwork, one item of accountable property, and two drawdowns. However, we did not test the reliability of the financial management system as a whole, nor did we place reliance on computerized data or systems in determining whether the transactions we tested were allowable, supported, and in accordance with applicable laws, regulations, and guidelines.

Finally, based on data that COPS provided to us, we evaluated all COPS Technology Program grants for FYs 2008, 2009, and 2010 that were earmarked by Congress in order to determine how many had budgeted personnel costs exceeding 40 percent of the total award. As a result, we found 35 grants that fit this parameter. We reviewed each of the 35 grant applications to determine if COPS approved any applications that funded the salaries and fringe benefits of sworn police officers. We found only one award besides the grant that we audited that met this criteria. That award included funding for a law enforcement officer that was involved in building a cold case database. We did not consider this to be in violation of the intent of the legislation because there was a technological connection to the officer's involvement in the grant. We did not check the integrity of the data that COPS provided to us.

APPENDIX II

SCHEDULE OF DOLLAR-RELATED FINDINGS

QUESTIONED COSTS:	<u>AMOUNT (\$)</u>	<u>PAGE</u>
Unsupported Costs		
Inadequately supported Hanford expenditures	\$ 124,363	22
Inadequately supported Lemoore expenditures	87,419	22
Inadequately supported KCSO expenditures	36,752	23
Unsupported Corcoran canine stipend	<u>1,200</u>	24
Subtotal of Unsupported Costs	\$ 249,734	
Unallowable Costs		
Corcoran inadequate backfilling	\$ 41,328	15
Lemoore inadequate backfilling	52,172	17
Non-grant-related KCSO expenditures	<u>\$3,470</u>	23
Subtotal of Unallowable Costs	\$ 96,970	
Less: Duplication between Lemoore's Unsupported and Unallowable Costs	<u><\$24,875></u>	22
TOTAL QUESTIONED COSTS	<u>\$ 321,829</u>	
TOTAL DOLLAR RELATED FINDINGS	<u>\$ 321,829</u>	

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.

APPENDIX III

**SCHEDULE OF ALL GRANT-RELATED EXPENDITURES
FOR CORCORAN, HANFORD, LEMOORE, AND KCSO
AS OF FEBRUARY 28, 2011**

Agency	Date or Time Period	Amount	Cumulative Expenditure	Overdrawn Amount²²
Corcoran	12/10/08	\$2,273	\$2,273	\$(605,672)
	4th Quarter 2008 Total	<u>\$2,273</u>		
KCSO	01/11/09	\$2,707	\$4,980	\$(602,965)
KCSO	01/25/09	\$2,708	\$7,688	\$(600,257)
KCSO	02/08/09	\$2,702	\$10,390	\$(597,555)
KCSO	02/22/09	\$2,706	\$13,096	\$(594,849)
KCSO	03/08/09	\$2,711	\$15,807	\$(592,138)
KCSO	03/22/09	\$2,710	\$18,517	\$(589,428)
	1st Quarter 2009 Total	<u>\$16,244</u>		
KCSO	04/05/09	\$2,701	\$21,219	\$(586,726)
Hanford	04/06/09 - 04/19/09	\$3,737	\$24,956	\$(582,989)
KCSO	04/13/09	\$3,192	\$28,148	\$(579,797)
KCSO	04/19/09	\$2,710	\$30,858	\$(577,087)
Hanford	04/20/09 - 05/03/09	\$3,737	\$34,595	\$(573,350)
Corcoran	05/01/09 - 06/30/09	\$18,929	\$53,523	\$(554,442)
KCSO	05/03/09	\$2,705	\$56,228	\$(551,717)
Hanford	05/4/09 - 05/17/09	\$3,737	\$59,965	\$(547,980)
KCSO	05/17/09	\$2,712	\$62,677	\$(545,268)
Hanford	05/18/09 - 05/31/09	\$4,741	\$67,418	\$(540,527)
Corcoran	05/31/09	\$1,000	\$68,418	\$(539,527)
KCSO	05/31/09	\$3,795	\$72,213	\$(535,732)
Hanford	06/01/09 - 06/14/09	\$3,737	\$75,950	\$(531,995)
KCSO	06/14/09	\$2,714	\$78,664	\$(529,281)
Hanford	06/15/09 - 06/28/09	\$3,737	\$82,401	\$(525,544)
KCSO	06/28/09	\$2,718	\$85,119	\$(522,826)
	2nd Quarter 2009 Total	<u>\$66,602</u>		

²² On November 6, 2008, Corcoran drew all the grant funds, \$607,945.

Agency	Date or Time Period	Amount	Cumulative Expenditure	Overdrawn Amount
Hanford	06/29/09 - 07/12/09	\$3,780	\$88,900	\$(519,046)
Lemoore	07/01/09	\$5,786	\$94,686	\$(513,259)
Lemoore	07/01/09	\$915	\$95,601	\$(512,344)
KCSO	07/12/09	\$2,691	\$98,293	\$(509,652)
Hanford	07/13/09 - 07/26/09	\$3,558	\$101,850	\$(506,095)
KCSO	07/26/09	\$3,423	\$105,273	\$(502,672)
Hanford	07/27/09 - 08/09/09	\$3,865	\$109,138	\$(498,807)
Corcoran	07/31/09	\$9,439	\$118,577	\$(489,368)
Lemoore	08/01/09	\$6,961	\$125,538	\$(482,407)
KCSO	08/09/09	\$2,690	\$128,228	\$(479,717)
Hanford	08/10/09 - 08/23/09	\$3,865	\$132,093	\$(475,852)
KCSO	08/23/09	\$2,690	\$134,783	\$(473,162)
Hanford	08/24/09 - 09/06/09	\$3,865	\$138,648	\$(469,297)
Corcoran	08/31/09	\$9,509	\$148,157	\$(459,788)
Lemoore	09/01/09	\$6,765	\$154,922	\$(453,023)
KCSO	09/06/09	\$2,690	\$157,612	\$(450,333)
Hanford	09/07/09 - 09/20/09	\$3,865	\$161,477	\$(446,468)
KCSO	09/20/09	\$2,690	\$164,167	\$(443,778)
Corcoran	09/30/09	\$7,855	\$172,022	\$(435,923)
3rd Quarter 2009 Total		\$86,902		
Hanford	09/21/09 - 10/04/09	\$3,865	\$175,887	\$(432,058)
Lemoore	10/01/09	\$6,162	\$182,048	\$(425,897)
KCSO	10/04/09	\$2,690	\$184,738	\$(423,207)
Hanford	10/05/09 - 10/16/09	\$3,865	\$188,603	\$(419,342)
KCSO	10/18/09	\$2,833	\$191,437	\$(416,508)
Hanford	10/19/09 - 11/01/09	\$3,865	\$195,302	\$(412,643)
Corcoran	10/31/09	\$8,052	\$203,354	\$(404,591)
KCSO	11/01/09	\$2,833	\$206,187	\$(401,758)
Lemoore	11/01/09	\$7,069	\$213,256	\$(394,689)
Lemoore	11/01/09	\$1,596	\$214,852	\$(393,093)
Hanford	11/02/09 - 11/15/09	\$3,865	\$218,717	\$(389,228)
KCSO	11/15/09	\$2,833	\$221,550	\$(386,395)
Hanford	11/16/09 - 11/29/09	\$4,889	\$226,439	\$(381,506)
KCSO	11/29/09	\$3,657	\$230,096	\$(377,849)
Corcoran	11/30/09	\$8,052	\$238,148	\$(369,797)
Hanford	11/30/09 - 12/13/09	\$3,872	\$242,020	\$(365,925)
Lemoore	12/01/09	\$6,585	\$248,605	\$(359,340)

Agency	Date or Time Period	Amount	Cumulative Expenditure	Overdrawn Amount
KCSO	12/13/09	\$2,833	\$251,438	\$(356,507)
Hanford	12/14/09 - 12/27/09	\$3,558	\$254,996	\$(352,949)
KCSO	12/27/09	\$2,833	\$257,829	\$(350,116)
Corcoran	12/31/09	\$9,574	\$264,403	\$(340,542)
4th Quarter 2009 Total		\$95,381		
Hanford	12/28/09 - 01/10/10	\$3,872	\$271,2745	\$(336,670)
Lemoore	01/01/10	\$6,852	\$278,127	\$(329,818)
KCSO	01/10/10	\$2,833	\$280,960	\$(326,985)
Hanford	01/11/10 - 01/24/10	\$5,376	\$286,336	\$(321,609)
KCSO	01/24/10	\$2,833	\$289,169	\$(318,776)
Hanford	01/25/10 - 02/07/10	\$4,007	\$293,177	\$(314,768)
Corcoran	01/31/10	\$7,802	\$300,979	\$(306,966)
Lemoore	02/01/10	\$6,708	\$307,687	\$(300,258)
KCSO	02/07/10	\$2,833	\$310,520	\$(297,425)
Hanford	02/08/10 - 02/21/10	\$4,007	\$314,528	\$(293,417)
KCSO	02/21/10	\$2,833	\$317,361	\$(290,584)
Hanford	02/22/10 - 03/07/10	\$4,007	\$321,368	\$(286,577)
Corcoran	02/28/10	\$8,050	\$329,418	\$(278,527)
Lemoore	03/01/10	\$7,144	\$336,562	\$(271,383)
KCSO	03/07/10	\$2,833	\$339,395	\$(268,550)
Hanford	03/08/10 - 03/21/10	\$4,007	\$343,402	\$(264,543)
KCSO	03/21/10	\$2,833	\$346,236	\$(261,709)
Corcoran	03/31/10	\$12,075	\$358,310	\$(249,635)
1st Quarter 2010 Total		\$90,907		
Hanford	03/22/10 - 04/04/10	\$4,007	\$362,318	\$(245,627)
Lemoore	04/01/10	\$6,698	\$369,015	\$(238,930)
KCSO	04/04/10	\$2,833	\$371,849	\$(236,096)
Hanford	04/05/10 - 04/18/10	\$4,007	\$375,856	\$(232,089)
KCSO	04/18/10	\$2,833	\$378,689	\$(229,256)
Hanford	04/19/10 - 05/02/10	\$4,007	\$382,697	\$(225,248)
Corcoran	04/30/10	\$8,050	\$390,747	\$(217,198)
Lemoore	05/01/10	\$8,516	\$399,262	\$(208,683)
Lemoore	05/01/10	\$1,582	\$400,845	\$(207,100)
KCSO	05/02/10	\$2,833	\$403,678	\$(204,267)
Hanford	05/03/10 - 05/16/10	\$4,007	\$407,686	\$(200,259)

Agency	Date or Time Period	Amount	Cumulative Expenditure	Overdrawn Amount
KCSO	05/16/10	\$2,833	\$410,519	\$(197,426)
Hanford	05/17/10 - 05/30/10	\$5,045	\$415,564	\$(192,381)
KCSO	05/30/10	\$3,932	\$419,495	\$(188,450)
Corcoran	05/31/10	\$8,050	\$427,545	\$(180,400)
Hanford	05/31/10 - 06/13/10	\$4,007	\$431,552	\$(176,393)
Lemoore	06/01/10	\$8,079	\$439,632	\$(168,313)
KCSO	06/13/10	\$2,833	\$442,465	\$(165,480)
Hanford	06/14/10 – 06/27/10	\$3,882	\$446,346	\$(161,599)
KCSO	06/27/10	\$2,833	\$449,180	\$(158,765)
Corcoran	06/30/10	\$8,050	\$457,229	\$(150,716)
2nd Quarter 2010 Total		\$98,919		
Hanford	06/28/10 – 07/11/10	\$4,057	\$461,286	\$(146,659)
Lemoore	07/01/10	\$7,844	\$469,130	\$(138,815)
KCSO	07/11/10	\$2,841	\$471,971	\$(135,974)
Hanford	07/12/10 – 07/25/10	\$3,742	\$475,713	\$(132,232)
KCSO	07/25/10	\$3,747	\$479,461	\$(128,484)
Hanford	07/26/10 – 08/08/10	\$3,994	\$483,454	\$(124,491)
Corcoran	07/31/10	\$7,322	\$490,777	\$(117,168)
Lemoore	08/01/10	\$6,896	\$497,673	\$(110,272)
KCSO	08/08/10	\$2,841	\$500,514	\$(107,431)
Hanford	08/09/10 – 08/22/10	\$3,994	\$504,508	\$(103,437)
KCSO	08/22/10	\$2,841	\$507,349	\$(100,596)
Hanford	08/23/10 – 09/05/10	\$3,994	\$511,343	\$(96,6012)
Corcoran	08/31/10	\$6,916	\$518,259	\$(89,686)
Lemoore	09/01/10	\$6,937	\$525,196	\$(82,749)
Hanford	09/06/10 – 09/19/10	\$3,962	\$529,157	\$(78,788)
KCSO	09/05/10	\$2,841	\$531,999	\$(75,946)
KCSO	09/19/10	\$2,841	\$534,840	\$(73,105)
Corcoran	09/30/10	\$8,206	\$543,046	\$(64,899)
3rd Quarter 2010 Total		\$85,816		
Lemoore	10/01/10	\$7,059	\$550,105	\$(57,840)
KCSO	10/03/10	\$2,841	\$552,946	\$(54,999)
KCSO	10/17/10	\$2,841	\$555,788	\$(52,157)
Corcoran	10/31/10	\$2,784	\$558,572	\$(49,373)
KCSO	10/31/10	\$2,841	\$561,413	\$(46,532)

Agency	Date or Time Period	Amount	Cumulative Expenditure	Overdrawn Amount
Lemoore	11/01/10	\$7,161	\$568,574	\$(39,371)
KCSO	11/14/10	\$2,841	\$571,415	\$(36,530)
KCSO	11/18/10	\$3,667	\$575,082	\$(32,863)
Lemoore	12/01/10	\$6,404	\$581,486	\$(26,459)
KCSO	12/12/10	\$2,841	\$584,328	\$(23,617)
KCSO	12/26/10	\$1,350	\$585,678	\$(22,267)
Lemoore	01/01/11	\$6,859	\$592,537	\$(15,408)
Lemoore	02/01/11	\$6,986	\$599,523	\$(8,422)
4th Quarter 2010 Total		\$56,478		

Source: OIG analysis of data provided by Corcoran, Hanford, Lemoore, and the KCSO.

APPENDIX IV

CORCORAN, CALIFORNIA, POLICE DEPARTMENT RESPONSE



Mr. David J. Gaschke, Regional Audit Manager
Office of the Inspector General,
UNITED STATES DEPARTMENT OF JUSTICE
1200 Bayhill Drive, Suite 201
San Bruno, California 94066

May 17, 2011

Via fax, U.S. mail and
email:
650-876-0902
David.J.Gaschke@usdoj.gov

v

RE: Response to Draft Audit Report for COPS Grant Awarded to Corcoran Police Department, Grant No. 2008-CK-WX-0228

Dear Mr. Gaschke:

Thank you for your letter dated April 25, 2011 and your email dated May 5, 2011 which provided the Corcoran Police Department ("CPD") with an opportunity to respond by May 30, 2011 to the audit report for the above-referenced grant. This correspondence constitutes the CPD's initial response to recommendations 2 through 13 in the draft audit report and we ask that it become part of the final audit report.

As you are already aware, the CPD's June 25, 2008 grant application specifically requested funding for salaries and benefits of four (4) sworn law enforcement officers. Each of the four (4) officers were from four separate law enforcement agencies that participate in coordinated countywide Narcotics and Gang Taskforce operations which focused on eliminating the proliferation of narcotics and the gangs that traffic them within Kings County. As explained in the attached letter, dated October 30, 2008, from U.S. Representative Jim Costa to COPS Program Coordinator Carl Peed, the awarded grant funds were earmarked for these purposes. [See **EXHIBIT A.**] In his May 5, 2011 letter to Inspector General Cynthia Schnedar, U.S. Representative Jim Costa further explained that the awarded grant funds originated from an earmark request from his office for this project. [See **EXHIBIT B.**] Accordingly, normal grant review criteria are not applicable.

With regard to recommendations 2 through 13 in the audit report, the CPD responds as follows:

Recommendation No. 2

The CPD agrees to implement this recommendation and is willing to take steps to further strengthen its internal controls and establish more clearly defined responsibilities for its financial personnel, including separation of duties. To accomplish this, CPD shall work with the City Manager's office and the City's Finance Department.

Reuben Shortnacy, Chief of Police
1031 Chittenden Avenue • Corcoran, California 93212 • Phone 559/992-5151 • Fax 559/992-5155

Mr. David J. Gaschke, Regional Audit Manager
RE: Response to Draft Audit Report for COPS Grant Awarded to Corcoran Police
Department, Grant No. 2008-CK-WX-0228

May 17, 2011

Page 2

Recommendation No. 3

The CPD agrees to implement this recommendation by utilizing a written receiving policy that includes a uniform process for receiving all purchased items as well as verifying that the correct items are received, in the correct quantity and in good working order.

Recommendation No. 4.

The CPD agrees to implement this recommendation by utilizing procedures to time drawdowns as close as possible to the incurrence of expenditures. The CPD believes that its drawdown of funds from this grant were authorized because, as noted in the October 30, 2008 letter attached hereto as **EXHIBIT A**, U.S. Representative Jim Costa wrote to COPS Program Coordinator Carl Peed and specifically requested a waiver of the normal drawdown requirements and, in particular, that a lump sum drawdown be authorized. After consideration of the practical reasons necessitating a lump sum drawdown in this particular case, the COPS Program authorized drawdown of funds that deviated from standard protocol because the COPS Program was aware that the funding would be used as proposed in the CPD's grant application.

Recommendation No. 5.

The CPD disagrees with this recommendation to the extent that it would require a recovery or offset of questioned costs but agrees with this recommendation to the extent that questioned costs would be remedied by a waiver or by providing supporting documentation. Waiver is most appropriate in the context of this particular grant award because, as the audit report concludes on page 28, "...Corcoran met its goal of reassigning officers to the narcotics task force." In other words, regardless of whether or not CPD was able to hire replacements into non-taskforce positions (i.e. positions not funded by the grant) that became vacant during the time that the newly created Narcotics and Gang Taskforce position was filled with grant funds, no supplanting occurred. The audit report acknowledges that the taskforce positions were newly created as a result of the grant funding, and yet those newly created positions remained filled even after the grant was fully disbursed. Accordingly, in this case high turnover in positions not funded by the grant is not probative as to whether the grant funds supplanted existing funds and the evidence clearly shows that no supplanting occurred because the taskforce positions would not exist if the grant was not awarded since each participating agency did not fund a taskforce officer prior to the grant. We also believe that using a 5% turnover rate is not a sufficient gauge because actual turnover rates often vary from estimated averages. For these reasons, the CPD feels that a waiver is most appropriate.

Recommendation No. 6.

The CPD disagrees with this recommendation to the extent that it would require a recovery or offset of questioned costs but agrees with this recommendation to the extent that questioned costs would be remedied by a waiver or by providing supporting documentation. Waiver is most appropriate in the context of this particular grant award because the documentation sought has been more akin to the documentation that would be expected if the grant funding were used to purchase equipment, which was not the type of grant proposal submitted by CPD and approved by the COPS Program. These agencies are willing to provide the supporting timesheets and/or appropriate certifications to establish that, on average, their taskforce officer spent 100% of their time on grant-funded activities,

Mr. David J. Gaschke, Regional Audit Manager
RE: Response to Draft Audit Report for COPS Grant Awarded to Corcoran Police
Department, Grant No. 2008-CK-WX-0228

May 17, 2011

Page 3

with only *de minimus* involvement in non-taskforce emergency service calls which were turned over right away to non-taskforce officers.

Recommendation No. 7.

The CPD disagrees with this recommendation to the extent that it would require a recovery or offset of questioned costs but agrees with this recommendation to the extent that questioned costs would be remedied by a waiver or by providing supporting documentation.

Recommendation No. 8.

The CPD disagrees with this recommendation to the extent that it would require a recovery or offset of questioned costs but agrees with this recommendation to the extent that questioned costs would be remedied by a waiver or by providing supporting documentation. This agency is willing to provide the supporting timesheets and/or appropriate certifications to establish that, on average, their taskforce officer spent 100% of their time on grant-funded activities, with only *de minimus* involvement in non-taskforce emergency service calls which were turned over right away to non-taskforce officers. For any periods not covered by timesheets or certification, a waiver is most appropriate because of the context of this particular grant award, and particularly that the funding was provided for gang and narcotic suppression operations rather than equipment. The funding was specifically earmarked for these broad purposes and therefore formal grant requirements should not be used as a benchmark.

Recommendation No. 9.

The CPD disagrees with this recommendation to the extent that it would require a recovery or offset of questioned costs but agrees with this recommendation to the extent that questioned costs would be remedied by a waiver. A waiver is most appropriate for this item also because of the context of this particular grant award, and particularly that the funding was provided for gang and narcotic suppression, and the canine was obviously used for narcotic detection purposes, which is within the broad scope for which the funding was awarded. The fact that the funding was specifically earmarked for the taskforce and these broad purposes supports the conclusion that formal grant requirements should not be used as a benchmark for this expenditure.

Recommendation No. 10.

The CPD agrees to implement this recommendation by reducing its payment approval process to a written policy. This will ensure that expenditures are properly approved because it will contain clearly defined responsibilities for each person in this process. To accomplish this, CPD shall work the City Manager's office and the City's Finance Department.

Recommendation No. 11.

The CPD agrees to implement this recommendation by reducing to writing its formal fixed-asset records process which will ensure proper recording of all grant-funded property purchases in CPD's official property records and specifically identify property purchases made with federal funding.

Recommendation No. 12.

Mr. David J. Gaschke, Regional Audit Manager
RE: Response to Draft Audit Report for COPS Grant Awarded to Corcoran Police
Department, Grant No. 2008-CK-WX-0228
May 17, 2011
Page 4

The CPD agrees to implement this recommendation by utilizing a process for preparing accurate and complete financial status reports and calendaring their timely submittal, typically within 30 days after the relevant reporting period as required by 28 C.F.R. § 66.41.

Recommendation No. 13.

The CPD agrees to implement this recommendation by utilizing a process where the CPD also obtains and retains a copy of Form I-9 for all employees to be paid from grant funds. Although the Human Resources Coordinator for the City of Corcoran already verifies Form I-9 for all new hires, the CPD would also maintain copies of each Form I-9 for all CPD employee positions funded by federal grants.

In considering our request for waivers of questioned costs, we also ask that consideration be given to the fact that the grant funding to the Kings County Narcotics and Gang Taskforce was consistent with the incumbent presidential administration's shifting of the COPS Program focus, as noted in a relevant OIG publication:

"However, the declining trend in COPS funding and the shift away from hiring grants was recently reversed by the American Recovery and Reinvestment Act of 2009 (Recovery Act). In the Recovery Act, which was signed into law on February 17, 2009, COPS received an additional \$1 billion in funds **to help address the personnel needs of state, local, and tribal law enforcement through the hiring, rehiring, and retaining of career law enforcement officers.**"

[Improving the Office of Community Oriented Policing Services' Grant Awarding, Monitoring, and Program Evaluation Processes, June 2009, U.S. Department of Justice, Office of the Inspector General, pg.1; Emphasis added.]

"In addition to reversing the general trend in declining financial support for COPS, the Recovery Act has again made hiring the central focus of COPS' grant programs."

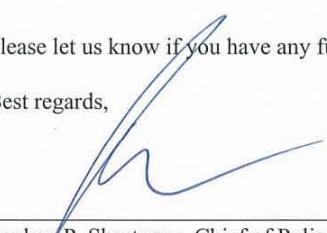
[Id. at 3.]

The City of Corcoran is thankful to the COPS Program for providing funding for the Narcotics and Gang Taskforce operations which led to the local dismantling of the notoriously prominent prison gang *Nuestra Familia*, which operated a drug trafficking ring within Kings County. EXHIBIT 9 in the audit report clearly evidences that the COPS funding to the Kings County Narcotics and Gang Taskforce directly resulted in increased narcotics arrests by funding increased investigation hours, ultimately leading to the arrest of dozens of *Nuestra Familia* gang members.

Mr. David J. Gaschke, Regional Audit Manager
RE: Response to Draft Audit Report for COPS Grant Awarded to Corcoran Police
Department, Grant No. 2008-CK-WX-0228
May 17, 2011
Page 5

Please let us know if you have any further questions or concerns. Thank you.

Best regards,


Reuben P. Shortnacy, Chief of Police

Enclosure(s): **EXHIBIT A:** 10/30/2011 Letter from U.S. Representative Jim Costa to COPS Program Director;

EXHIBIT B: 5/5/2011 Letter from U.S. Representative Jim Costa to Inspector General;

CC: City Manager;
City Attorney; and

Mr. Donald J. Lango, COPS Management Analyst
Office of Community Oriented Policing Services (COPS)
U.S. DEPARTMENT OF JUSTICE
Audit Liaison Division
145 N Street, NE
Washington, District of Columbia 20530

**EXHIBIT
A**

JIM COSTA
20TH DISTRICT, CALIFORNIA
EMAIL: congressmanjimcosta@mail.house.gov
WEB PAGE: www.house.gov/costa

COMMITTEE ON NATURAL RESOURCES
SUBCOMMITTEE ON
ENERGY AND MINERAL RESOURCES
Chairman
SUBCOMMITTEE ON
WATER AND POWER

Congress of the United States
House of Representatives
Washington, D.C. 20515

COMMITTEE ON AGRICULTURE
SUBCOMMITTEE ON
CONSERVATION, CREDIT, ENERGY AND RESEARCH
SUBCOMMITTEE ON
LIVESTOCK, DAIRY AND POULTRY
COMMITTEE ON FOREIGN
AFFAIRS
SUBCOMMITTEE ON
EUROPE
SUBCOMMITTEE ON
MIDDLE EAST AND SOUTH ASIA

October 30, 2008

Mr. Carl Peed
COPS Program Director
950 Pennsylvania Ave, NW
Washington, DC 20530

Dear Mr. Peed:

At the end of the first session of the 110th Congress, the Consolidated Appropriations Act of 2008 (the Act) was passed. Within the Commerce, Justice and Science section of the bill, approximately \$611,000 was included for the City of Corcoran's Narcotics and Gang Task Force Expansion project. This was funded in the Community Oriented Policing Services program. I submitted this project for the City of Corcoran as one of my appropriations requests for fiscal year 2008. Over the last ten months, my office has been helping the City of Corcoran to secure these funds from the Department of Justice COPS Program Office, but the City has still not received any of the funds Congress approved for them.

As you are aware, funding for the Narcotics and Gang Task Force Expansion project would allow police departments in Corcoran, Hanford and Lemoore, along with the Kings County Sheriff's Department to add additional investigators to the Narcotics Task Force and Gang Task Force, and make new equipment purchases. These departments have full intention on making these new investigators permanent hires over the next few years. The San Joaquin Valley is home to numerous gangs, and these additional investigators will help address gang violence, as well as address the manufacture, distribution and use of methamphetamine in my district. While I am aware that these funds are not normally used to hire staff, I know it will help reduce crime in Kings County.

The police chief for the City of Corcoran, Reuben Shortnacy, has informed my office that he will not be allowed to take a lump sum payment of these funds, which is necessary in order to divide and allocate the money among four participating law enforcement agencies. I am aware this is not the standard operating procedure for the COPS Program, but in order for this program to be effective, I am requesting Chief Shortnacy have access to the \$607,945 so he can divide up the money as needed. As a strong advocate for oversight, especially when spending earmarked funds, I am confident that Chief Shortnacy would have no problem with the Department of Justice auditing the use of the program money, should they request such authority. For your reference, I have attached a document to this letter detailing exactly how the funds will be allocated in Kings County.

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Fax: (202) 225-9308

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355 M Street, Suite 940
Fresno, CA 93721
Phone: (559) 495-1620
Fax: (559) 495-1027

DISTRICT OFFICE
2700 M Street, Suite 225
Bakersfield, CA 93301
Phone: (661) 869-1620
Fax: (661) 869-1027

After receiving Congressional approval for the funds, the police department has drafted budgets which include the federal funding awarded by Congress. It is important to me that the law enforcement agencies in Kings County receive this funding in a timely and appropriate manner that allows for proper implementation of this program. Although the San Joaquin Valley receives limited federal funding for programs, I have high confidence in the program Chief Shortnacy is heading up on behalf of the law enforcement agencies in Kings County.

Thank you for your attention to this matter. Should you have any further question, please feel free to contact Bret Rumbeck of my staff at 202-225-3341.

Sincerely,

JIM COSTA
Member of Congress

Enclosure: Budget breakdown
Letter from Police Chief Shortnacy

**EXHIBIT
B**

JIM COSTA
20TH DISTRICT, CALIFORNIA
WEB PAGE: www.costa.house.gov

COMMITTEE ON NATURAL RESOURCES
SUBCOMMITTEE ON
ENERGY AND MINERAL RESOURCES
SUBCOMMITTEE ON
WATER AND POWER



COMMITTEE ON AGRICULTURE
SUBCOMMITTEE ON
CONSERVATION, ENERGY AND FORESTRY
SUBCOMMITTEE ON
RURAL DEVELOPMENT, RESEARCH,
BIOTECHNOLOGY AND FOREIGN AGRICULTURE
RANKING MEMBER

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515

May 5, 2011

Ms. Cynthia Schnedor
Inspector General
U.S. Department of Justice
950 Pennsylvania Avenue, NW Suite #4706
Washington, DC 20530-001

Dear Inspector General Schnedor:

This letter concerns the draft audit report for the Kings County Gangs and Narcotics Task Force, located in California's 20th District. As you know, the task force recently underwent an audit by your department after receiving a COPS Technology Grant for approximately \$607,945 in 2008. This audit was the subject of a discussion you and I had on March 11th, when I made you aware of the means by which the funds were awarded to the Kings County Gangs and Narcotics Task Force.

As you will remember, in the Consolidated Appropriations Act of 2008 (P.L. 110-161), I submitted and received a project request for the Task Force. This was funded in fiscal year 2008 in the amount of \$611,000. However, as the Department of Justice worked with the Task Force and the City of Corcoran to disseminate these funds, the Department decided to fund the Task Force through a COPS Technology Grant. This funding originated as an earmark request, which was awarded through my office to allow Kings County to participate in a nationwide effort at narcotics eradication that spanned 15 states. It was *never* the intention of Kings County to apply for a COPS Technology Grant.

Since then, the Task Force has been doing tremendous work in the Central Valley to combat violent gangs and pervasive narcotics trafficking. In fact, last year the task force successfully executed a crippling raid on the Nuestra Familia gang, arresting dozens of dangerous gang members and dismantling their narcotics trafficking operations in the region. This law enforcement operation, which included federal partnerships with the FBI, ATF, and State agencies, underscores the importance of the Task Force to California's Central Valley, which has long been plagued by drug abuse and illegal weapons trade.

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FAX: (559) 495-1027

BAKERSFIELD OFFICE:
2700 M STREET, SUITE 225
BAKERSFIELD, CA 93301
PHONE: (651) 869-1620
FAX: (651) 869-1027

Inspector General Schnedar
May 5, 2011
Page 2

Considering the amount and breakdown of the original appropriations request, judging the Task Force against the COPS Technology grant specifications simply does not make sense. The draft audit report that the Task Force was provided with references COPS Technology Grant guidelines multiple times, and cites instances when the Task Force acted contrarily to those guidelines. It is troubling that despite explaining the background and specifics of this situation to both you and Assistant Attorney General Ron Weich, the Kings County Task Force is still being held to COPS Technology Grant specifications.

These audit findings hold the Kings County Task Force to the standards of a grant to which they never intended to apply, and thus will never be able to satisfactorily meet. It is simply unacceptable to penalize the Task Force for an administrative decision made by the Justice Department. Thank you very much for your time and I look forward to discussing this matter with you.

Sincerely,

JIM COSTA
Member of Congress

LEMOORE, CALIFORNIA, POLICE DEPARTMENT RESPONSE



657 Fox Street • Lemoore, California 93245 • (559) 924-9574 • FAX (559) 924-3116
Police Department

May 9, 2011

Ms. Cynthia Schneider
Inspector General
US Department of Justice
950 Pennsylvania Avenue, NW Suite #4706
Washington, DC 20530-001

Dear Inspector General Schneider:

This letter is in response to the draft audit report for the Kings County Gangs and Narcotics Task Force.

As you know, the Task Force recently underwent an audit by your department after receiving a COPS Technology Grant for approximately \$607,945 in 2008. As you will remember, in the Appropriates Act passed at the end of the first session of the 110th Congress, a project request for the Task Force was submitted by Congressman Jim Costa. This was funded in fiscal year 2008 in the amount of \$611,000. However, as the Department of Justice worked with the Task Force and the City of Corcoran to disseminate these funds, the Department decided to fund the Task Force through a COPS Technology Grant.

Considering the amount and breakdown of the original appropriations request, judging the Task Force against the COPS Technology grant specifications simply does not make sense. The draft audit report that the Task Force was provided with references to COPS Technology Grant guidelines multiple times, and cites instances when the Task Force acted contrarily to those guidelines. It is troubling that despite explaining the background and specifics of this situation, the Kings County Task Force is still being held to COPS Technology Grant specifications.

These audit finding hold the Kings County Task Force to the standards of a grant to which they never intended to apply, and thus will never be able to satisfactorily meet. It is simply unacceptable to penalize the Task Force for an administrative decision made by The Justice Department.

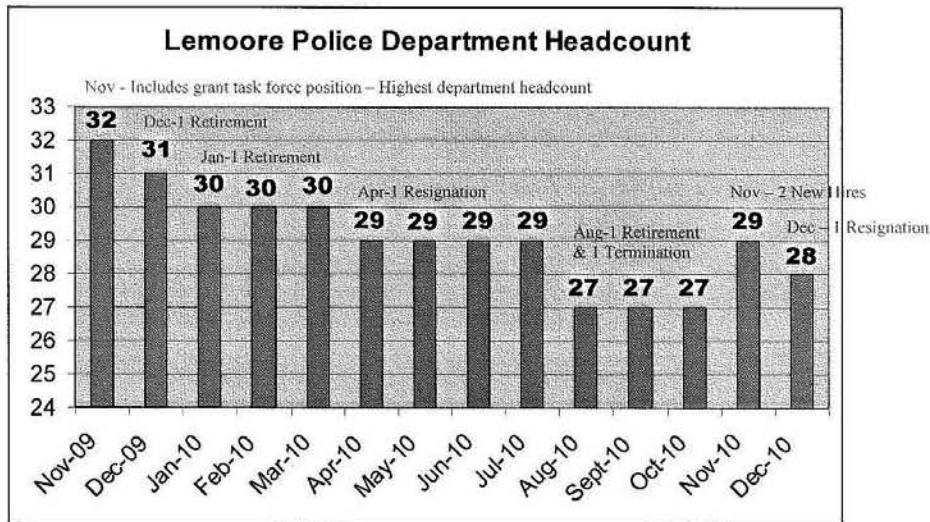
The following will address issues of the grant specific of Lemoore.

Pg 17, Paragraph 1: The data shows that Lemoore's police officer headcount was not within the target level of officers between April and June 2010, between August and October 2010, and in December 2010.Therefore, we question \$52,172 of the COPS grant.....

Response:

In late 2008, the Lemoore Police Department was notified by Corcoran Police Department that the COPS grant for bodies was approved. In February 2009, the Lemoore Police Department hired one officer specifically for the grant task force. He was with the Field Training Officer for approximately 4 months. When his FTO program was complete in late June 2009, he went to patrol and our Department assigned an officer to the task force. Our Department started billing the grant for its police officer detailed to the Kings County Task Force in July 2009.

According to the audit report, our Department headcount was not within the target level of officers between April and June 2010, between August and October 2010, and in December 2010. **We had already fulfilled our obligation of hiring an officer specifically for the grant.** However, our headcount remained consistent. In January 2010, we began the month with 31 officers and had one retirement which ended the month at 30. In April 2010, one officer resigned which put us at 29. In July 2010, a budget reduction was approved which capped our headcount at 29. In August of 2010, we had one officer retire and one officer was terminated which put our headcount at 27. In November of 2010, we hired two officers which put us at 29. In December 2010, an officer resigned which put our headcount at 28. The auditors analysis does not show the true picture of our Department as accurately as the above description or the below graph. To reiterate, we had already fulfilled our obligation of hiring an officer specifically for the grant and the personnel turnover after his hiring had no effect on the Task Force Grant.



Pg 21, Paragraph 1: (Auditors had) discussions with the police officers....learned that they sometimes performed non-task force related activity. Any activity that was non-task force related would also not be a grant-related activity.

Response: All law enforcement officers are sworn to protect and serve regardless if they are assigned to the task force or to patrol. The citizens of Lemoore deserve an immediate response when a call for service is dispatched and if a task force member is closest to the vicinity, they will respond accordingly. Once additional officers arrive they will turn over the scene. Task force members are assigned to the task force and 100% of their time is billed to the grant. The frequency of the "non-task force" related response calls are extremely rare and have not been included on timesheets as they would not demonstrate a significant amount of time.

All timesheets for the grant have been maintained, however, they were not submitted to the Corcoran Police Department as they were not requested.

If you have any questions or need clarification, please feel free to contact me at (559) 924-9574.

Respectfully submitted,



Jeff R. Laws
Chief of Police

/mjv

KINGS COUNTY, CALIFORNIA, SHERIFF'S RESPONSE



OFFICE OF
SHERIFF
COUNTY OF KINGS
P.O. BOX 986
1444 W. LACEY BLVD.
HANFORD, CA 93232-0986
PHONE 559/582-3211
FAX 559/584-4738

DAVID ROBINSON
SHERIFF-CORONER
PUBLIC
ADMINISTRATOR

Chief Reuben Shortnacy
Corecoran Police Department
1031 Chittenden
Corecoran CA 93212

RE: CPD NTF Grant Audit Response

Concerning supplanting:

The position was actually added to the allocation in July 2008 in accordance with our budget and new Fiscal Year. The addition of the position is noted in the published adopted budget books for FY08/09. A copy of the appropriate budget book page was emailed to the auditors on 4/5/2011, after our meeting with them and per their request. That information is not noted in their findings.

Pg. 15

We asked officials from Hanford, Lemoore, and the KCSO to provide us with information as to whether each agency back-filled the police officer position it reassigned to the task force. In response, officials from both Hanford and the KCSO stated that they were unsure if their agencies back-filled the positions reassigned to the task force.

Pg. 17

KCSO was within or above the target range, which incorporates a 5 percent rate for turnover, for the period of our review. However, between January 2009 and March 2009, in May 2009, and between November 2009 and June 2010, KCSO's headcount was one deputy less than what it should have had on board after receiving its COPS-funded deputy position. This concerns us. However, because we found KCSO to be within our target range for the period of our review, we did not question costs for KCSO.

Concerning Unsupported Personnel Expenses:

First off they state that they discovered 100 hours that were not allowable, after review of all the time studies I did discover 40 hours that were not allowed, because they were marked as "General Operations Time", deducting those hours and the salary driven benefits associated with them the error totaled \$1400. However, the final pay period that we submitted for reimbursement was shorted by \$1351 because I thought the grant was fully expensed at that time. After correcting the \$1400 error, and rebilling for the \$1351, there is a net difference of \$49 in unallowable costs. I don't know how they calculated the 100 hours since there was no

explanation included in the report. It is possible that they were deducting any Vacation/Sick/Holiday time, some grants won't allow that time taken unless it is accrued while on the grant. I didn't track that since I wasn't informed this was that type of funding.

Pg. 22

We asked KCSO officials if periodic certifications were maintained in accordance with 2 C.F.R. Part 225 to support the grant-related policing activities of the deputy assigned to the Kings County Narcotics Task Force. The KCSO provided time studies, which its deputy prepared for every pay period, that identified the amount of time that the deputy devoted to working on the Kings County Narcotics Task Force and the amount time worked on other policing activities. Our analysis of these time studies found that the deputy did not work 100 percent of his time on the task force. Rather, we found that the deputy worked 100 hours on non-task force related activities or the equivalent of \$3,470. If Corcoran had requested support for the KCSO invoices, then we believe that it would not have inadvertently overcharged the grant for non-grant-related activities. Therefore, we question \$3,470 that was inappropriately charged to the grant for the KCSO deputy's non-task force related work.

Second, they state that there were 13 time studies that were not signed by one or both the employee and the supervisor. In actuality there were 15 that were not signed by one or the other, or both. I didn't pursue the signatures for these particular time studies as I was using them as an internal document that had signed time cards and signed supplemental sheets as backup; furthermore, I was not told that they would be required for reimbursement of this funding. However, I have printed the scanned copies that I kept on file (and emailed to the auditors on 4/5/11) and have requested that the deputies and sergeant in question come in to sign the documents ASAP. This should satisfy this issue.

Pg. 22

In addition, we found 13 of the time studies were improperly prepared because the time studies lacked both the employee's signature and the approval of the deputy's supervisor as required by 2 C.F.R. Part 225. Therefore, we question \$36,752 related to KCSO's invoices for lack of adequate support for the KCSO deputy's activities on the Kings County Narcotics Task Force.

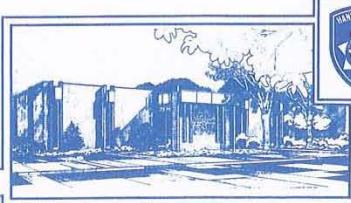
Thank you,



David Robinson, Sheriff
Kings County

mp

HANFORD, CALIFORNIA, POLICE DEPARTMENT RESPONSE



CITY OF HANFORD POLICE DEPARTMENT

CARLOS A. MESTAS, CHIEF OF POLICE

May 10, 2011

U.S. Department of Justice
Office of the Inspector General
San Francisco Regional audit office
San Bruno, California 94066

Office of the Inspector General:

This letter shall serve as our response to your draft audit report concerning the monies in the sum of \$607,945.00 provided to the Corcoran Police Department through Congressman Jim Costa and then distributed to local agencies for the personnel enhancement of the Narcotics Task Force in the County of Kings, California.

It is our understanding that the monies provided to Corcoran were not a grant but an earmark and did not need to be supported as a grant. This is further supported by the fact that you stated that the monies came from the COPPS Technology funding source. This was clearly not a technology grant. This money was used for personnel enhancement. The cities involved never attempted to hide this fact and were always transparent with what our intentions were for the use of the funds. To then report the use of the funds on a technology grant would not make sense since the reporting on a technology grant would be for technological improvements and not set up for personnel expenditures. In receiving these funds the entities involved followed the instructions given to them by the COPPS office and our congressman.

The city of Hanford handled the funds in an appropriate manner and kept the funds in a separate account and not comingled with other monies. Those monies were then used to pay for a second investigator in the Kings County Narcotics Task Force Beginning in April of 2009. It is not in dispute that the Narcotics Task Force increased by the agreed upon positions for the time periods specified. Your audit acknowledges the increase in personnel. The audit then notes a decrease in arrests and asset seizures. It would be very simple to measure success if statistics always accurately portrayed reality. This however is not the case. The officers worked a large criminal case that involved a great deal of time and resources. In the end the Narcotics Task Force successfully dismantled a criminal organization operating out of the County of Kings that had implications far exceeding the decrease in statistics that you found. This organization had state, national and International ties. It resulted in at least four concurrent investigations in other parts of the state and many more arrests. Due to their success on this

425 NORTH IRWIN STREET, HANFORD, CA 93230 (559) 585-2540 FAX (559) 585-4792

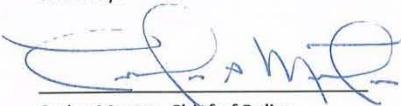
case and the additional funding we received for personnel, we are hopeful that future statistics will also be low.

The Hanford Police Department was pleased to find that according to the audit we did not supplant funds. The audit did however find that the costs were not properly supported by documentation. Had the auditors asked for the documentation, The City of Hanford could have and still can easily provide this information in the form of officer time cards and expenditure reports. I would submit that this could not have even been done prior to the audit because there was nothing in place to properly report personnel expenditures in the manner in which these monies were received. We were however always ready to provide documentation as to the use of these funds should the need arise.

The City of Hanford, Hanford Police Department believe that the monies we received were properly cared for and expended within the guidelines provided to us. We also believe that these issues could have been avoided from the beginning had we been properly notified of the expectations associated with these funds.

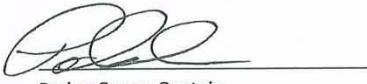
It was never our intent nor the intent of any of the recipients to be negligent or fraudulent in our dealing with these monies. I believe that through this entire process we have been transparent with regard to our intended use of the funds received. We are also very appreciative of the monies received and believe that they made a significant impact in our community.

Sincerely:



Carlos Mestas, Chief of Police

Prepared By:



Parker Sever, Captain

APPENDIX V

OFFICE OF COMMUNITY ORIENTED POLICING SERVICES RESPONSE

06 JUN 2011



U.S. Department of Justice
Office of Community Oriented Policing Services (COPS)

*Audit Liaison Division
Two Constitution Square
145 N Street, NE
Washington, DC 20530
(202) 514-7022 (Telephone)
(202) 616-4428 (Facsimile)*

Via Facsimile and U.S. Mail

To: Mr. David J. Gaschke
Regional Audit Manager
Office of the Inspector General
San Francisco Regional Audit Office

From: Donald J. Lango
Management Analyst/ Audit Liaison
COPS Audit Liaison Division

Date: June 3, 2011

Subject: Response to Draft Audit Report for the City of Corcoran, California Police Department

This memorandum is in response to your April 25, 2011 draft audit report for the City of Corcoran, California Police Department. For ease of review, each audit recommendation is stated in bold and underlined, followed by COPS' response to the recommendation.

Recommendation 1: Establish a process to ensure that it only approves grant applications that comply with related funding legislation.

The COPS Office concurs with the recommendation that it should establish a process to ensure it only approves grant applications that comply with related funding legislation.

Discussion and Management Action:

The COPS Office understands and agrees that funding of earmarked grants must comply with the appropriation language. Based on the language in the annual appropriation, the COPS Office develops specific grant programs to comply with and implement the purposes and programs identified in the legislation, including identifying items that are generally allowable and unallowable under the specific grant program.

Mr. David J. Gaschke, Regional Audit Manager
June 3, 2011
Page 2

In addition to the program guidelines, the COPS Office has established a written policy, which is provided at Attachment 1, to review requests for items that are generally prohibited under a sponsored (earmark) grant program and includes the requirement that the application request supports the overall objectives of the grant project and the programmatic intent of the grant program. As referenced here, a prohibited item is one that is irrelevant to achieving the individual project goals and the programmatic intent of the grant program verses an item that is prohibited because it is disallowed by law.

The written policy was newly established at the time the Corcoran Police Department's Technology grant was awarded and not appropriately implemented for this grant. Since that time, COPS staff has been provided further clarification and guidance on the proper implementation of the written policy to be applied to future grants.

Request:

Based on the discussion and management action, COPS requests closure of Recommendation 1.

Recommendation 2: Ensure that the Corcoran Police Department strengthen its internal controls and establish clearly defined responsibilities for its financial personnel to include adequate separation of duties.

The COPS Office concurs with the recommendation that the Corcoran Police Department (CPD) should strengthen its internal controls and establish clearly defined responsibilities for its financial personnel to include adequate separation of duties.

Discussion and Planned Action:

The CPD agreed to implement this recommendation and will take steps to strengthen its internal controls and establish more clearly defined responsibilities for its financial personnel, including separation of duties. However, CPD has not provided a copy of its revised policies. We will work with CPD to obtain a copy of their revised policy when available and will ensure that it adequately addresses this recommendation. We will forward this policy at that time to the OIG for review and closure of the recommendation.

Request:

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

Recommendation 3: Ensure that the Corcoran Police Department establishes a receiving policy that includes a uniform process for receiving all items as well as verifying that the proper items have been received, in the correct quantity, and in good working order.

The COPS Office concurs with the recommendation that CPD should establish a receiving policy

Mr. David J. Gaschke, Regional Audit Manager
June 3, 2011
Page 3

that includes a uniform process for receiving all items as well as verifying that the proper items have been received, in the correct quantity, and in good working order.

Discussion and Planned Action:

The CPD agreed to implement this recommendation and will utilize a written receiving policy that will include a uniform process for receiving all items as well as verifying that the proper items have been received in the correct quantity, and in good working order. However, CPD has not provided a copy of its policy. We will work with CPD to obtain a copy of their policy when available and will ensure that it adequately addresses this recommendation. We will forward this policy at that time to the OIG for review and closure of the recommendation.

Request:

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

Recommendation 4: Ensure that the Corcoran Police Department establishes procedures to time drawdowns as close as possible to the incurrence of expenditures.

The COPS Office concurs with the recommendation that CPD should establish procedures to time drawdowns as close as possible to the incurrence of expenditures.

Discussion and Planned Action:

The CPD agreed to implement this recommendation by utilizing procedures to time drawdowns as close as possible to the incurrence of expenditures. However, CPD has not provided a copy of its policy. We will work with CPD to obtain a copy of their policy when available and will ensure that it adequately addresses this recommendation. We will forward this policy at that time to the OIG for review and closure of the recommendation.

Request:

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

Recommendation 5: Remedy \$41,328 in questioned costs for Corcoran and \$52,172 for Lemoore for failing to adequately backfill the required positions.

The COPS Office concurs that grantees should not use COPS grant funds to supplant local hiring.

Discussion and Planned Action:

In order to remedy the \$41,328 in questioned costs for CPD and \$52,172 for its sub-recipient

Mr. David J. Gaschke, Regional Audit Manager
June 3, 2011
Page 4

Lemoore for failing to adequately backfill the required positions, the COPS Office has determined that additional information and clarification is required before we can make a determination as to how to proceed. We will work with the grantees to obtain additional information. Once we have obtained this information, the COPS Office will provide your office with our plan to remedy the questioned costs.

Request:

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

Recommendation 6: Remedy \$186,907 of inadequately supported grant expenditures related to personnel costs from Corcoran's sub-recipients, Hanford and Lemoore.

The COPS Office concurs that the grantees should require and maintain adequate support from its sub-recipients for grant expenditures related to personnel costs.

Discussion and Planned Action:

In order to remedy the \$186,907 in questioned costs for inadequately supported grant expenditures related to personnel costs from CPD's sub-recipients, Hanford and Lemoore, the COPS Office has determined that additional information and clarification is required before we can make a determination as to how to proceed. We will work with the grantees to obtain additional information. Once we have obtained this information, the COPS Office will provide your office with our plan to remedy the questioned costs.

Request:

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

Recommendation 7: Remedy \$3,470 of unallowable grant expenditures related to KCSO's personnel costs that did not relate to the grant.

The COPS Office concurs that the grantee should not use COPS grant funds for personnel costs that do not relate to the grant.

Discussion and Planned Action:

In order to remedy the \$3,470 in questioned costs for unallowable grant expenditures related to sub-recipient King County Sheriff's Office's (KCSO) personnel costs that did not relate to the grant, the COPS Office has determined that additional information and clarification is required before we can make a determination as to how to proceed. We will work with the grantee to obtain additional information. Once we have obtained this information, the COPS Office will provide your office with our plan to remedy the questioned costs.

Mr. David J. Gaschke, Regional Audit Manager
June 3, 2011
Page 5

Request:

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

Recommendation 8: Remedy \$36,752 of inadequately supported grant expenditures related to personnel costs from Corcoran's sub-recipient, the KCSO.

The COPS Office concurs that grantees should maintain adequate documentation to support grant expenditures.

Discussion and Planned Action:

In order to remedy the \$36,752 in questioned costs for unallowable grant expenditures related to personnel costs from CPD's sub-recipient KCSO, the COPS Office has determined that additional information and clarification is required before we can make a determination as to how to proceed. We will work with the grantee to obtain additional information. Once we have obtained this information, the COPS Office will provide your office with our plan to remedy the questioned costs.

Request:

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

Recommendation 9: Remedy \$1,200 in unsupported canine stipends paid to a Corcoran police officer.

The COPS Office concurs that grantees should maintain adequate documentation to support grant expenditures.

Discussion and Planned Action:

In order to remedy the \$1,200 in questioned costs for unsupported canine stipends paid to the Corcoran police officer, the COPS Office has determined that additional information and clarification is required before we can make a determination as to how to proceed. We will work with the grantee to obtain additional information. Once we have obtained this information, the COPS Office will provide your office with our plan to remedy the questioned costs.

Request:

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

Mr. David J. Gaschke, Regional Audit Manager
June 3, 2011
Page 6

Recommendation 10: Ensure that the Corcoran Police Department establishes a process to ensure expenditures are properly approved.

The COPS Office concurs with the recommendation that CPD needs to establish a process to ensure expenditures are properly approved.

Discussion and Planned Action:

The CPD agreed to implement this recommendation and will develop a written payment approval policy that will contain clearly defined responsibilities and will ensure that expenditures are properly approved. However, CPD has not provided a copy of this policy. We will work with CPD to obtain a copy of their policy when available and will ensure that it adequately addresses this recommendation. We will forward this policy at that time to the OIG for review and closure of the recommendation.

Request:

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

Recommendation 11: Ensure that the Corcoran Police Department establishes a formal fixed asset policy and properly records all grant-funded property purchases on its official property records.

The COPS Office concurs with the recommendation that CPD needs to establish a formal fixed asset policy to ensure that all grant-funded property purchases are recorded in its official property records.

Discussion and Planned Action:

The CPD agreed to implement this recommendation and will establish a formal fixed asset policy to ensure that all grant-funded property purchases are recorded in its official property records. However, CPD has not provided a copy of this policy. We will work with CPD to obtain a copy of their policy when available and will ensure that it adequately addresses this recommendation. We will forward this policy at that time to the OIG for review and closure of the recommendation.

Request:

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

Recommendation 12: Ensure that the Corcoran Police Department establishes a process for preparing accurate and complete FSRs and that all FSRs are submitted in a timely manner.

Mr. David J. Gaschke, Regional Audit Manager
June 3, 2011
Page 7

The COPS Office concurs with the recommendation that CPD needs to establish a process for preparing accurate and complete FSRs and ensuring that all FSRs are submitted in a timely manner.

Discussion and Planned Action:

The CPD agreed to implement this recommendation and will establish a process for preparing accurate and complete FSRs and ensuring that all FSRs are submitted in a timely manner. However, CPD has not provided a copy of this policy. We will work with CPD to obtain a copy of their policy when available and will ensure that it adequately addresses this recommendation. We will forward this policy at that time to the OIG for review and closure of the recommendation.

Request:

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

Recommendation 13: Ensure that the Corcoran Police Department establishes procedures to comply with the grant condition requiring the retention of Form I-9s.

The COPS Office concurs with the recommendation that CPD needs to establish procedures to comply with the grant condition requiring the retention of Form I-9s.

Discussion and Planned Action:

The CPD agreed to implement this recommendation and will establish a process for obtaining and retaining the Forms I-9 for all employees that will be paid from grant funds. However, CPD has not provided a copy of this policy. We will work with CPD to obtain a copy of their policy when available and will ensure that it adequately addresses this recommendation. We will forward this policy at that time to the OIG for review and closure of the recommendation.

Request:

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

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 202-616-9215, or you may email at donald.lango@usdoj.gov.

Attachment

cc: John I. Provan (copy provided electronically)
San Francisco Regional Audit Office

Mr. David J. Gaschke, Regional Audit Manager
June 3, 2011
Page 8

Richard P. Theis (copy provided electronically)
Justice Management Division

Mary T. Myers (copy provided electronically)
Justice Management Division

Cynthia A. Bowie (copy provided electronically)
Audit Liaison Division

Nancy Daniels (copy provided electronically)
Audit Liaison Division

Mr. Ronald L. Hoggard
City of Corcoran

Chief Reuben Shortnacy
City of Corcoran Police Department

Grant File 2008-CK-WX-0228 (Technology Grant)

Audit File

ORI: CA01601

COPS Office Policy Template

Policy Number: Pending

Policy Title: Review of Unallowable Budget Costs/Items for Sponsored Grants

Originating Division: Grants Administration

Divisions Affected: All COPS Divisions

Effective Date: June 2008

Background

The COPS Office provides guidance on implementing its programs, including identifying items that are generally allowable and unallowable under the Sponsored grant programs. These lists are compiled by the COPS Office based on experience working with the various grant programs. The COPS Office will consider requests from grant recipients for any lawful items that are generally prohibited under a grant program if the grantee is able to demonstrate that the request supports the overall objectives of the grant project and congressional and programmatic intent. The grantee must also demonstrate that the objectives cannot be achieved with allowable items.

Objective

Occasionally, an agency may challenge a decision by the COPS Office to disallow specific items within its proposal. The objective of this policy is to formalize a definitive procedure for reviewing all requests to fund items which have already been deemed unallowable. The COPS Office will consider such requests because grant recipients are on the front line and have a better understanding of what their communities need in order to address emerging law enforcement concerns.

Procedure

If a grant recipient wishes to contest our decision by requesting an item that is generally unallowable, the Grant Program Specialist (GPS)/PPSE Representative should advise the grantee that, in order to contest our decision, it will require additional documentation and review which may significantly delay the receipt or drawdown of their funding.

If the grantee still wishes to dispute the decision, COPS Staff will explain that the grantee must submit a justification request in writing, which clearly outlines the following:

- How their requested unallowable item/cost will support the overall objectives of the grant project and programmatic intent of the grant program;

ATTACHMENT 1

- Why their requested unallowable item/cost request is critical to the implementation of the grantee's project, and that implementation cannot be achieved via other allowable items; and
- An affirmation that the requested unallowable item/cost is within the scope of congressional intent (the recipient's stated appropriation language).

The assigned GPS/PPSE Representative will receive the request in writing and review the request for completeness. The GPS/PPSE Representative will then submit the request to the appropriate GAD or PPSE Supervisor (or their designee) for divisional level review and determination. The GAD and PPSE Supervisors will coordinate with each other to ensure consistency in making determinations. When a determination cannot be made at the divisional level, the request will be presented to the Earmark Working Group.

The following criteria will be utilized in reviewing requests:

- the unallowable item/cost supports the overall objectives of the grant project, and meets the statutory and programmatic intent of the grant program;
- the unallowable item/cost request is critical to the implementation of the grantee's project;
- the reason the objectives of the grant project cannot be achieved with allowable items;
- the unallowable item/cost is within the scope of the recipient's stated appropriation language;
- the reason why the item/cost has previously been determined by COPS to be unallowable;
- the unallowable item/cost request is lawfully allowable.

The approval or denial of the requested unallowable budget item/cost will be entered into the Earmark Administration Module (EAM) and will be tracked in CMS.

For all pre-award requests, an email will be sent to the grantee stating whether their request for an unallowable item/cost was approved or denied. If denied, the grantee will be told that the grant funds must be used for allowable costs that support the overall objectives of the grant project. The GPS/PPSE Representative will print the email and place it in the file.

For all post-award requests, a formal letter will be sent to the grantee stating whether the requested unallowable item was approved or denied. A copy of the letter will be placed in the file. If applicable, standard modification procedures for approved items/costs must be followed.

APPENDIX VI

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

The OIG provided a draft copy of this audit report to COPS and the Corcoran Police Department. Corcoran's and COPS' responses are incorporated in Appendices IV and V of this final report, respectively. The following provides the OIG analysis of the responses and a summary of actions necessary to close the report.

Analysis of Corcoran's Response

In response to our draft audit report, COPS concurred with our recommendations and discussed the actions it planned to implement in response to our findings. Corcoran agreed with some of our recommendations and did not concur with others. We address both types of responses below in our analysis of individual recommendations. In addition, Corcoran provided attachments with its response including two letters from Congressman Jim Costa. Also, Corcoran attached letters from each of its sub-recipients on the grant – Hanford, Lemoore, and the Kings County Sheriff's Office (KCSO). There were statements that were made in Corcoran's response, the Congressman's letters, and the sub-recipients' letters that did not specifically relate to a particular recommendation or recommendations. We provide an analysis of those statements and offer clarification, where needed.

Analysis of Corcoran's Response

In its response to our draft audit report, Corcoran made statements that we believe require further clarification. First, Corcoran correctly stated that its grant application requested funding for the salaries and benefits of four sworn law enforcement officers that were assigned to a county narcotics task force. Corcoran went on to reference a letter from Congressman Costa to the Director of COPS, dated October 30, 2008, and Corcoran stated that "the awarded grant funds were earmarked for these purposes." This last statement is incorrect. The COPS grant that Corcoran received was earmarked for equipment and not for the personnel costs of sworn law enforcement officers. We explain in detail the nature of the earmarked grant in Finding I of our report. In short, according to the conference report associated with the COPS Technology Program appropriation legislation, \$611,000 was designated for "Corcoran, California, Narcotics and Gang Task Force Equipment." Further, the funding for the grant that Corcoran received

originated from the COPS Technology Program appropriation legislation, which stipulates that related funds are to be used for "law enforcement technologies and interoperable communications program, and related law enforcement and public safety equipment."²³

In its response, Corcoran requested waivers for questioned costs that were identified by our audit because it believed that its grant was consistent with the increase of local hiring efforts funded by the American Recovery and Reinvestment Act of 2009 (Recovery Act). Corcoran quoted from a previously issued OIG technical advice report entitled *Improving the Office of Community Oriented Policing Services' Grant Awarding, Monitoring, and Program Evaluation Process* that focused on COPS' oversight and management of Recovery Act funding.²⁴ We did not base our questioned costs on the hiring nature of Corcoran's grant application; had we done so, we would have questioned the entire grant. Rather, we questioned costs because Corcoran did not adhere to established government-wide grant management requirements that applied regardless of whether the grants were used for hiring or for technology. Further, Corcoran's grant was not a Recovery Act grant; therefore, the Recovery Act criteria Corcoran referenced in its response do not apply, nor do additional Recovery Act reporting and tracking requirements.

Further, Corcoran's response referred to another letter from Congressman Costa to the Inspector General, dated May 5, 2011, in which the Congressman stated that the awarded grant funds originated from an earmark request from his office. Corcoran then stated that "[a]ccordingly, normal grant review criteria are not applicable." We disagree with this statement. Earmarked grants are subject to government-wide regulations governing grant management, such as the Code of Federal Regulations and Office of Management and Budget (OMB) Circulars. We disagree with some of the conclusions stated in Congressman Costa's May 5 letter.

²³ Pub. L. No. 110-161 (2008).

²⁴ U.S. Department of Justice Office of the Inspector General, *Improving the Office of Community Oriented Policing Services' Grant Awarding, Monitoring, and Program Evaluation Process*, June 2009.

*Analysis of Congressman Costa's May 5, 2011, Letter to the OIG*²⁵

The Congressman's letter states that the OIG applied the wrong criteria when conducting the audit. Specifically, the letter states:

Considering the amount and breakdown of the original appropriations request, judging the Task Force against the COPS Technology grant specifications simply does not make sense. The draft audit report that the Task Force was provided with references the COPS Technology Grant guidelines multiple times, and cites instances when the Task Force acted contrarily to those guidelines. It is troubling that despite explaining the background and specifics of this situation to both you and the Assistant Attorney General Ron Weich, the Kings County Task Force is still being held to COPS Technology Grant specifications.

At the start of our audit, we took into consideration COPS' approval of Corcoran's application to use grant funds for non-technology purposes: to hire police officers. Because COPS approved this use of funds, we did not apply COPS Technology Program guidelines when conducting our audit of Corcoran and its responsibilities under the grant. Instead, we applied broad criteria such as the public law that established COPS, the Code of Federal Regulations, or OMB Circulars governing grant management that applies to all grants whether they are awarded for hiring or for technology improvements. As discussed in Finding I of our audit, we only held COPS responsible for approving the unallowable use of Technology Program funds. We did not fault Corcoran for using the grant funds for hiring instead of for a technology program, and we did not make any recommendations to Corcoran to remedy the unallowable approval of funds for non-technology purposes. If we had held Corcoran to COPS technology requirements, we would have questioned the entire \$607,945 grant. A recommendation was only made to COPS for this finding.

The criteria referenced above and used in our audit was identified to Corcoran in the award document. Specifically, the award document was signed by Corcoran's Chief of Police and City Manager and it included the following statement: "By signing the Award Document to accept this Technology Program grant, your agency agrees to abide by the following grant conditions". The award document goes on to list grant terms and conditions, including rules and regulations by which the applicant must abide

²⁵ The Congressman's letter also identifies the Kings County Gangs and Narcotics Task Force (or the Kings County Task Force, or just Task Force) as the grant recipient for the grant that we audited. However, it was the Corcoran Police Department that applied for the grant, was awarded the grant, and was the subject of our audit.

that we used to audit Corcoran. Those governing laws, regulations and guidance are found at 42 U.S.C. § 3796dd; 28 C.F.R. § 66.20, 28 C.F.R. § 66.40-41, and special conditions accompanying the grant award. The fact that a grant is earmarked does not allow grant recipients to use the funds in violation of rules and regulations that apply to all types of COPS grants.

The Congressman's letter also states: "However, as the Department of Justice worked with the Task Force and the City of Corcoran to disseminate these funds, the Department decided to fund the Task Force through a COPS Technology Grant." This is not consistent with information we discovered during our audit. Specifically, COPS officials advised that they did not work with any other law enforcement agencies other than the Corcoran Police Department in awarding the earmarked grant. In addition, based on language in the conference report, it appears that the earmark for Corcoran was oriented for the Technology Program and equipment purchases at the time the appropriation was made. Specifically, the conference report earmarked the grant for Corcoran under the heading for "Law Enforcement Technology and Interoperability", and specifically identified "Corcoran, CA Narcotics Task Force Equipment." The earmark did not identify appropriations for the city of Corcoran or the Task Force's personnel expenses.

The Congressman's May 5 letter states: "This funding originated as an earmark request, which was awarded through my office to allow Kings County to participate in a nationwide effort at narcotics eradication that spanned 15 states." Based on our review of the grant application and award documents, we noted that COPS directly awarded the earmarked grant to the Corcoran Police Department. However, according to COPS officials, the Congressman's office contacted COPS when COPS was in the process of awarding the grant to Corcoran. Based on the recollection of COPS officials, those discussions included the original intent of the grant and whether to fund sworn law enforcement officers as specified in Corcoran's grant application or to follow the conference report and the appropriation language funding COPS' Technology Program.

The final paragraph of the Congressman's letter states:

These audit findings hold the Kings County Task Force to the standards of a grant to which they never intended to apply, and thus will never be able to satisfactorily meet. It is simply unacceptable to penalize the Task Force for an administrative decision made by the Justice Department.

As explained earlier in this analysis, the Kings County Task Force was not the subject of our audit. In addition, our audit findings are not penalties, but rather issues that we have identified as deviating from established criteria that apply to the grant that was awarded. Our recommendations are to help COPS and Corcoran adhere to rules, laws, and regulations established by Congress and federal agencies.

General Analysis of Hanford's Response

Besides receiving responses to our draft audit report from COPS and Corcoran – which attached a letter to the OIG from Congressman Jim Costa, we also received responses from each of the sub-recipients, including the Hanford Police Department. All of the responses are included with Corcoran's response in Appendix IV of this report. We individually analyzed all of the sub-recipients' responses because each response included different reasoning and statements that we believed to be inaccurate and that required a separate response. For instances where similar statements were made by Corcoran, its sub-recipients, or Congressman Costa's May 5 letter, we provide our response once and then refer to that response where necessary. In this section, we respond to several statements made by Hanford because we want to correct what we believe are inaccurate statements.

In its response, Hanford stated that:

[i]t is our understanding that the monies provided to Corcoran were not a grant but an earmark and did not need to be supported as a grant. This is further supported by the fact that you stated that the monies came from the [COPS] Technology funding source. This was clearly not a technology grant.

Hanford's understanding of the grant that COPS awarded to Corcoran is inaccurate. As previously explained above in connection to the Congressman's May 5 letter, the fact that Corcoran received an earmark grant does not eliminate the government-wide requirement that Corcoran and its sub-recipients, including Hanford, were required to maintain adequate support for grant-related expenditures.

Additionally, Hanford stated that:

[t]his money was used for personnel enhancement. The cities involved never attempted to hide this fact and were always transparent with what our intentions were for the use of the funds. To then report the use of the funds on a technology grant

would not make sense since the reporting on a technology grant would be for technological improvements and not set up for personnel expenditures.

We recognize that from the time Corcoran submitted its grant application to COPS, Corcoran was clear about its intentions to use the grant funds to fund sworn law enforcement officer positions. We took this into account in our audit and therefore we did not apply COPS' Technology Program guidance to Corcoran's handling of the grant. Rather, we relied on more general criteria as mentioned above that is applicable to all grants, regardless of the underlying grant program.

Further, Hanford stated that "[t]he Hanford Police Department was pleased to find that according to the audit we did not supplant funds." Our report states that Hanford was required to maintain a headcount of 54 police officers during the time that it was being reimbursed from the grant for its task force police officer. We found that Hanford maintained a headcount of 54 officers for only a brief period from June 2009 to September 2009; 4 months out of an 18-month period. For the remaining months, we found Hanford's police officer headcount to be either one less than the target headcount of 54 (April and May 2009) or two positions less for 12 months (October 2009 through September 2010). However, since we provided a 5-percent vacancy rate allowance, Hanford's actual officer level fell within that vacancy allowance and therefore, we did not question the costs related to personnel for reasons of supplanting.

Hanford also stated that:

[t]he audit did however find that the costs were not properly supported by documentation. Had the auditors asked for the documentation, The City of Hanford could have and still can easily provide this information in the form of officer time cards and expenditure reports.

Subsequent to receiving Corcoran's response to our draft audit report, which included Hanford's response, we contacted Hanford directly and requested the documentation that it referred to in its response to our draft audit report. As a result, Hanford provided all of its time and attendance documentation for its grant-funded police officer. This documentation identified the amount of time the officer worked for each pay period. In examining the time and attendance records, we noted that the records were labeled with the officer's name and the designation that he was Hanford's task force officer. However, based on our analysis of these documents, Hanford's time and attendance documents did not identify how much time

the officer worked on the task force and how much time the officer spent on non-task force related issues. As we mentioned in the report, there is the possibility that even if an officer were assigned to work on the task force, it did not necessarily mean that all of the officer's time was spent directly working on the task force. In fact, based on our conversations with the task force officers, we were told that there were some instances where officers did not work on task force related issues. Therefore, even after obtaining all of the time and attendance documentation, our finding remains. Hanford was required to maintain support for either the time its officer spent working on the task force, or a reasonable and supported allocation ratio for the grant-related officer's time.

Finally, Hanford stated that "these [audit] issues could have been avoided from the beginning had we been properly notified of the expectations associated with these funds." As stated earlier, Corcoran signed assurances that it will follow applicable rules, laws, and regulations. According to 28 C.F.R. § 66.40, Corcoran is responsible for monitoring sub-recipients to ". . . assure compliance with applicable Federal requirements . . ." Hanford officials stated that Corcoran had not provided instructions to them concerning documentation requirements and the need to backfill the grant funded position with an entry-level police officer. As a result, Corcoran did not adhere to this requirement and did not adequately monitor its sub-recipients.

General Analysis of Lemoore's Response

As part of its response to our draft audit report, Corcoran included a letter from the Lemoore Police Department (included in Appendix IV).²⁶ Lemoore letter stated that ". . . as the Department of Justice worked with the Task Force and the city of Corcoran to disseminate these funds, the Department decided to fund the Task Force through a COPS Technology Grant." Based on our discussions with COPS, its officials worked exclusively with Corcoran and not with other law enforcement agencies to award the grant that we audited.

Lemoore also stated that:

judging the Task Force against the COPS Technology grant specifications simply does not make sense. The draft audit report that the Task Force was provided with references to COPS Technology Grant guidelines multiple times, and cites instances

²⁶ As previously stated, Corcoran applied for the grant, was awarded the grant, and was the subject of our audit, not the Kings County Task Force.

when the Task Force acted contrarily to those guidelines. It is troubling that despite explaining the background and specifics of this situation, the Kings County Task Force is still being held to COPS Technology Grant specifications.

As previously explained above in connection to the Congressman's May 5 letter, the fact that Corcoran received an earmark grant does not eliminate the government-wide requirement that Corcoran and its sub-recipients, including Lemoore, were required to maintain adequate support for grant-related expenditures. Also, our findings do not "penalize" Corcoran or its sub-recipients, including Lemoore, for the instances of non-compliance with established criteria, which Corcoran agreed to comply with when it signed the grant award document (Special Condition No. 1). Rather, our findings identify instances of non-compliance. COPS must determine remedies that are appropriate for our questioned costs.

In its response, Lemoore objected to our hiring analysis and the fact that we identified periods when Lemoore did not adequately backfill and maintain its police officer headcounts at levels required under the grant. Lemoore stated that it hired an officer in February 2009 and that officer was in training through June 2009. Our hiring analysis of Lemoore's grant-funded officer began in July 2009, when it began billing the grant for its officer that was assigned to the task force. In reviewing this matter, we have decided to expand our hiring analysis of Lemoore to begin in February 2009 in order to take into account the officer that Lemoore hired. We have adjusted our hiring analysis chart, Exhibit 3, accordingly.

Additionally, Lemoore stated on more than one occasion that it had fulfilled its obligation of hiring a police officer as required under the grant. Lemoore, also stated that ". . . our headcount remained consistent." Based on our analysis of Lemoore's actual officer level, Lemoore may have hired an additional officer, but it did not consistently maintain its police officer headcount as required under the grant. Specifically, Lemoore was supposed to not only hire a police officer to backfill the officer it assigned to the task force, but it was required to maintain a headcount of 32 officers from December 2009 through June 2010, and 29 officers from July to December 2010.²⁷ As shown by both Exhibit 3 in our report and Lemoore's chart that it included in its response, Lemoore failed to maintain those levels from December 2009 through December 2010. Lemoore stated more than once that it believes it fulfilled its obligation of hiring an officer for the grant and

²⁷ As stated earlier in the report, we took Lemoore's budget reduction into account in our hiring analysis, which resulted in the shift in the target headcount from 32 to 29 officers for July to December 2010.

that the reduction in its overall officer headcount was attributable to personnel turnover and this had no effect on the grant and task force. We disagree. The requirement under the grant was not only to hire the additional police officer to backfill the police officer that was assigned to the task force, but Lemoore was also required to maintain the headcount of police officers so as not to supplant local resources with grant funding. As a result of Lemoore's failure to adhere to the regulation, all grant-funded personnel costs for the period from December 2009 through December 2010 could have been considered unallowable. However, in order to incorporate reasonable amounts for personnel turnover, we applied a 5-percent vacancy allowance. Therefore, the amount that we questioned was less than what we could have questioned had we calculated each and every instance of Lemoore's failure to maintain the required officer level.

Lemoore also stated that:

[a]ll law enforcement officers are sworn to protect and serve regardless if they are assigned to the task force or to patrol. The citizens of Lemoore deserve an immediate response when a call for service is dispatched and if a task force member is closest to the vicinity, they will respond accordingly.

Lemoore stated that “[t]ask force members are assigned to the task force and 100% of their time is billed to the grant. The frequency of the ‘non-task force’ related response calls are extremely rare and have not been included on timesheets as they would not demonstrate a significant amount of time.” These statements were in response to our finding that Corcoran and its sub-recipients, including Lemoore, failed to maintain, as required, time and attendance records that identify how much time was spent working on grant-related activity and non-grant related activity. The grantee, as well as its sub-recipients, can perform non-grant related activity; however, the grantee and its sub-recipients cannot charge federal assistance in support of non-grant related activities. The point of our finding was to identify the failure to maintain adequate time and attendance documentation as required by 2 C.F.R. Part 225, Appendix B, section 8h(4), which states that “[w]here employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation.” As we identified in our report, Corcoran and its sub-recipients did not adhere to these requirements.

General Analysis of the KCSO’s Response

As part of its response to our draft audit report, Corcoran included a letter from the KCSO (included in Appendix IV). As previously explained

above in connection to the Congressman's May 5 letter, Corcoran was required to follow grant regulations and Corcoran's sub-recipients, including KCSO, were required to maintain adequate support for grant-related expenditures.

The KCSO in its response to our draft audit report took exception to our hiring analysis and statements that we included in our report related to the KCSO's backfilling of its grant-funded law enforcement position. Specifically, the KCSO stated that:

[t]he [grant-funded] position was actually added to the allocation in July 2008 in accordance with our budget and new Fiscal Year. The addition of the position is noted in the published adopted budget books for FY08/09. A copy of the appropriate budget book page was emailed to the auditors on April 05, 2011, after our meeting with them and per their request. That information is not noted in their findings.

Before the issuance of our draft audit report, we met with the Sheriff for Kings County, and the KCSO provided budget information related to our hiring analysis that we accepted and incorporated into our hiring analysis. For example, in Exhibit 4 of our report, we show that the target deputy level began at 89 in January 2009. This target level was then adjusted downward for July 2009 through June 2010, and then adjusted downward yet again in July 2010 to December 2010. These downward adjustments were the result of taking into consideration budgetary changes to the KCSO's staffing levels. Although the KCSO's actual deputy headcount fell below its adjusted target levels at several points throughout our analysis, as portrayed in Exhibit 4, we did not question related personnel costs because we applied a vacancy allowance that resulted in the actual deputy headcount falling within the vacancy allowance.

The KCSO in its response commented on our finding related to the lack of adequate documentation, including time and attendance records. The KCSO stated that based on its review of the time studies related to its grant-funded deputy, the KCSO found only 40 hours that were not related to the grant activity, and therefore, not allowable under the grant. Based on the KCSO's documentation, it charged the grant for a total of 3,120 hours of labor. However, the KCSO's time and attendance records only supported 3,020 hours of activity as being related to the grant. The remaining 100 hours of labor that the KCSO charged to the grant pertained to non-grant related activity. Therefore, we questioned the dollar equivalent of the 100 hours of labor.

Further, the KCSO stated that it found two additional instances of time studies being unsigned by either the employee or a supervisor than what we identified in our report. In our audit, we examined the KCSO's time studies for the pay periods between January 2009 and June 2010. As a result of our examination, we found 13 time studies that lacked either the deputies' or supervisors' signatures. The KCSO's response did not specify whether the time studies that it reviewed coincided with the same period of time that we reviewed. Therefore, we are unable to comment on why the KCSO identified a larger quantity of discrepancies than we did in our audit.

The KCSO also stated that its time studies were used as internal documents and therefore, they were not used to request reimbursement. The KCSO stated that there were other signed time cards and signed supplemental sheets that could be considered as support. We disagree with the KCSO's implication that its signed time cards could be used as support in lieu of the time studies that lacked signatures because both types of documents have a distinct, yet different purpose. The KCSO's time cards support the amount of time that a sheriff's deputy works each day whereas the KCSO's time studies document the amount of time a sheriff's deputy spends on grant-related activity. Therefore, if a time study lacks an employee's or supervisor's signature, a signed time card will not provide the same assertion regarding how many hours are attributable to the grant.

Summary of Actions Necessary to Close Report

- 1. Resolved.** COPS concurred with our recommendation that it establish a process to ensure that it only approves grant applications that comply with related funding legislation. COPS stated that it ". . . understands and agrees that funding of earmarked grants must comply with the appropriation language." COPS stated that in its review of grant applications it identifies items that are generally allowable and unallowable based on the legislation that funds specific grant programs. COPS stated that it established a written policy that addressed application requests for items that are generally prohibited under a sponsored (earmark) grant program. COPS' written policy, effective June 2008, includes a requirement that the application request support the overall objectives of the grant project and the programmatic intent of the grant program. COPS defined "prohibited items" in applications as items that are irrelevant to achieving the project goals and the programmatic intent of the grant program. Further, COPS stated that this written policy was newly established at the time it awarded the COPS Technology Program grant to the Corcoran Police Department and it was not appropriately implemented for the Corcoran grant. COPS stated that since that time it has

provided its staff with further clarification and guidance on the proper implementation of its written policy for future grant applications.

Despite our requests during the audit for all relevant policies, procedures, directives, laws, and guidance, COPS did not provide us with the June 2008 policy until June 2011. This recommendation can be closed when we receive evidence that COPS has provided to its employees further clarification and guidance on the proper implementation of its written policy concerning the review of unallowable budget costs and items for sponsored grants.

2. **Resolved.** COPS and Corcoran concurred with our recommendation that Corcoran strengthen its internal controls and establish clearly defined responsibilities for its financial personnel to include adequate separation of duties. COPS stated that it would work with Corcoran to obtain a copy of Corcoran's revised policy related to the strengthening of internal controls. This recommendation can be closed when we receive documentation supporting Corcoran's strengthening of its internal controls, including adequate separation of duties and clearly defined responsibilities for its financial personnel.
3. **Resolved.** COPS and Corcoran concurred with our recommendation that Corcoran establish a receiving policy that included a uniform process for receiving all items as well as verifying that the proper items have been received, in the correct quantity, and in good working order. Corcoran stated that it agreed to implement this recommendation by utilizing a written receiving policy. This recommendation can be closed when we receive Corcoran's policy establishing a uniform process for receiving purchased items, verifying that the correct items are received in the correct quantity and in good working order.
4. **Resolved.** COPS and Corcoran concurred with our recommendation that Corcoran establish procedures to time drawdowns as close as possible to the incurrence of expenditures. COPS stated that it would work with Corcoran to obtain Corcoran's policy related to drawdowns. Although Corcoran agreed with our recommendation, it also stated that it believed it was authorized to drawdown all grant funds at once after Congressman Costa sent a letter on October 30, 2008, to the Director of COPS requesting a waiver on behalf of Corcoran to bypass normal drawdown requirements and allow it to drawdown the entire grant in one lump sum. Corcoran stated that COPS authorized the drawdown of funds that deviated from standard protocol.

We asked COPS officials whether COPS authorized Corcoran to drawdown all grant funds in one lump sum. COPS officials told us that they did not authorize this deviation from regulations and they gave no authorization as Corcoran has stated. We asked Corcoran officials if they received from COPS any written response to the Congressman's October 30 letter. We were told that there was no documentation of COPS' approval for Corcoran to drawdown all grant funds at once.

This recommendation can be closed when we receive documentation of Corcoran's procedures requiring that drawdowns be timed as close as possible to the incurrence of expenditures.

5. **Resolved.** COPS concurred with our recommendation that it remedy \$41,328 in questioned costs for Corcoran and \$52,172 for Lemoore for failing to adequately backfill the required positions. Corcoran stated that "[it] disagreed with our recommendation to the extent that it would require a recovery or offset of the questioned costs, but that it agrees with the recommendation to the extent that questioned costs would be remedied by a waiver or by providing supporting documentation." COPS must determine remedies that are appropriate for the \$41,328 in questioned costs for Corcoran and \$52,172 in questioned costs for Lemoore. COPS in its response stated that in order to remedy the questioned costs, it needs additional information and clarification before it can make a determination on how to proceed. Once COPS receives additional information, it will provide the OIG with its plan to remedy questioned costs.

In its response, Corcoran stated that:

. . . regardless of whether or not [the Corcoran Police Department] was able to hire replacements into non-taskforce positions (i.e. positions not funded by the grant) that became vacant during the time that the newly created Narcotics and Gang Taskforce position was filled with grant funds, no supplanting occurred.

We disagree with Corcoran's definition of supplanting. In order to determine if Corcoran complied with the grant requirement that it not supplant local resources with federal grant funds, we compared the number of positions that were required under the grant with the actual total number of officers that were onboard throughout the period that Corcoran and Lemoore were being paid from the grant. Based on our audit results, we concluded that Corcoran and Lemoore did not sufficiently backfill positions to avoid supplanting local resources. For

example, as our report stated, Corcoran was required to maintain a headcount of 22 police officers during the time that it was being reimbursed from the grant for its task force police officer. We found that Corcoran maintained a headcount of 22 officers for only 2 months out of a 17-month period (November and December 2009). For the remaining 15 months, Corcoran's actual officer headcount fell below the required 22. Specifically, for a total of 9 months, we found Corcoran's police officer headcount to be 1 less than the target headcount of 22 officers. Similarly, for a 4-month period, Corcoran's actual officer headcount was two positions less than required. Likewise, for a 2-month period, Corcoran's actual officer headcount was four positions less than required. As we explained in our report, we applied a five-percent vacancy rate allowance to all of our hiring analyses. That meant that for the period where Corcoran's actual officer headcount was one position less than required, it fell within the vacancy allowance and therefore we did not question related personnel costs. However, for the instances where Corcoran's actual officer headcount fell 2 or 4 positions below the required 22, we took note of those reductions exceeding our vacancy allowance and we questioned the personnel costs attributable for those periods. Our report discussed similar results for Lemoore.

In order to move this recommendation toward closure, COPS will need to make a determination on how it will remedy the \$41,328 in questioned costs for Corcoran and \$52,172 in questioned costs for Lemoore. COPS' determination will affect the type of evidence that we will need in order to close this recommendation.

6. **Resolved.** COPS concurred with our recommendation that it remedy \$186,907 of inadequately supported grant expenditures related to personnel costs from Corcoran's sub-recipients, Hanford and Lemoore. Corcoran stated that it "disagreed with our recommendation to the extent that it would require a recovery or offset of the questioned costs, but that it agreed with the recommendation to the extent that questioned costs would be remedied by a waiver or by providing supporting documentation." COPS must determine remedies that are appropriate for the \$186,907 in questioned costs. COPS stated that in order to remedy the questioned costs, it needed additional information and clarification before it can make a determination on how to proceed. Once COPS receives additional information, it will provide the OIG with its plan to remedy questioned costs.

Corcoran stated that both Hanford and Lemoore were:

. . . willing to provide the supporting timesheets and/or appropriate certifications to establish that, on average, their taskforce officer spent 100% of their time on grant-funded activities, with only *de minimus* involvement in non-taskforce emergency service calls which were turned over right away to non-taskforce officers.

Our audit found that as the primary grantee, Corcoran did not maintain as required support for its sub-recipients' expenditures. Based on our interviews with officials from Hanford and Lemoore, we were told that Corcoran did not request timesheets or other documentation and had Corcoran asked Hanford and Lemoore, both agencies would have been willing to provide any required documentation. After we issued our draft audit report, we contacted each of the sub-recipients, including Hanford and Lemoore, in order to determine if any had additional documentation that we did not previously request or that the sub-recipients considered important for us to review before issuing the final report. As a result, Hanford provided all of its time and attendance records for its grant-funded officer. We examined the documents that Hanford provided to us and we found that Hanford failed to track the officer's activity (whether or not it was grant-related) as required. Similarly, we made the same request of Lemoore and we were told by a Lemoore Official that they did not have any additional documents for us to review. The Lemoore Official did express that it would have been much more helpful if Corcoran provided guidance early on in the life of the grant in order to allow Lemoore to track and maintain documentation that was required under the grant.

In order to move this recommendation toward closure, COPS will need to make a determination on how it will remedy the \$186,907 in questioned costs. COPS' determination will affect the type of evidence that we will need in order to close this recommendation.

7. **Resolved.** COPS concurred with our recommendation that it remedy \$3,470 of unallowable grant expenditures related to the KCSO's personnel costs that did not relate to the grant. Corcoran stated that "[it] disagreed with our recommendation to the extent that it would require a recovery or offset of the questioned costs, but that it agreed with the recommendation to the extent that questioned costs would be remedied by a waiver or by providing supporting documentation." COPS must determine remedies that are appropriate for the \$3,470 in questioned costs. COPS in its response stated that in order to remedy the questioned costs, it needs additional information and clarification

before it can make a determination on how to proceed. Once COPS receives additional information, it will provide the OIG with its plan to remedy questioned costs.

In order to move this recommendation toward closure, COPS will need to make a determination on how it will remedy the \$3,470 in questioned costs. COPS' determination will affect the type of evidence that we will need in order to close this recommendation.

8. **Resolved.** COPS concurred with our recommendation that it remedy \$36,752 of inadequately supported grant expenditures related to personnel costs from Corcoran's sub-recipient, the KCSO. Corcoran stated that "[it] disagreed with our recommendation to the extent that it would require a recovery or offset of the questioned costs, but that it agreed with the recommendation to the extent that questioned costs would be remedied by a waiver or by providing supporting documentation." COPS must determine remedies that are appropriate for the \$36,752 in questioned costs. COPS in its response stated that in order to remedy the questioned costs, it needs additional information and clarification before it can make a determination on how to proceed. Once COPS receives additional information, it will provide the OIG with its plan to remedy questioned costs.

Corcoran stated that the KCSO was:

. . . willing to provide the supporting timesheets and/or appropriate certifications to establish that, on average, their taskforce officer spent 100% of their time on grant-funded activities, with only *de minimus* involvement in non-taskforce emergency service calls which were turned over right away to non-taskforce officers.

Our audit found over a dozen of the KCSO's time studies lacking signature from the employee, the employee's supervisor, or both. The KCSO time studies are different than time cards in that the KCSO's time cards tracked the number of hours, dates, and times when the KCSO Deputy worked. The KCSO time studies, on the other hand, showed how the Deputy's time was allocated among programs, including grant-related activity. Our audit found instances where the KCSO's time studies lacked approvals, as required by 2 C.F.R. Part 225.

In its response, Corcoran stated that "[t]he funding was specifically earmarked for these broad purposes and therefore formal grant

requirements should not be used as a benchmark." As stated earlier in our analysis, the fact that Corcoran received an earmarked grant does not eliminate the requirement that it comply with federal regulations governing proper grant management, including the need to maintain adequate support and authorizations for grant-related expenditures. Corcoran's sub-recipient, the KCSO, failed to maintain adequate documentation to support the personnel costs of the KCSO Deputy that was assigned to the task force.

In order to move this recommendation toward closure, COPS will need to make a determination on how it will remedy the \$36,752 in questioned costs. COPS' determination will affect the type of evidence that we will need in order to close this recommendation.

9. **Resolved.** COPS concurred with our recommendation that it remedy \$1,200 of unsupported canine stipends paid to a Corcoran police officer. Corcoran stated that "[it] disagreed with our recommendation to the extent that it would require a recovery or offset of the questioned costs, but that it agreed with the recommendation to the extent that questioned costs would be remedied by a waiver." COPS must determine remedies that are appropriate for the \$1,200 in questioned costs. COPS in its response stated that in order to remedy the questioned costs, it needs additional information and clarification before it can make a determination on how to proceed. Once COPS receives additional information, it will provide the OIG with its plan to remedy questioned costs.

Corcoran also stated that ". . . the canine was obviously used for narcotic detection purposes, which is within the broad scope for which the funding was awarded." The use of the canine was not clarified during our audit. For example, we interviewed the police officer that was assigned to the task force and was receiving the canine stipend. The police officer explained that he was temporarily maintaining the canine until it could be assigned to another officer. The canine was not officially assigned to participate in the task force as Corcoran implies with its response. Further, narcotics detection is not the only form of service that Corcoran's canine can perform. For example, the canine unit can assist on patrols and track fugitives among a variety of law enforcement services that would not directly relate to narcotics detection or task force assignments. As stated in our report, we requested from Corcoran support for any involvement that the canine had with regards to the task force, including narcotics detection. Corcoran provided documentation related to two instances in which it used the canine for what we considered to be generally related to

the grant. Hence, for each instance we gave credit to Corcoran for each pay period in which the canine was used for grant-related purposes, even though it consisted of only one day of involvement out of the pay period. In total, we gave Corcoran credit for 2 pay periods (4 weeks) of canine stipends. We questioned the remaining stipends for which Corcoran lacked any documentation to support that its canine was involved in grant-related activity.

In its response, Corcoran stated that “[t]he fact that the funding was specifically earmarked for the taskforce and these broad purposes supports the conclusion that formal grant requirements should not be used as a benchmark for this expenditure.” As stated earlier in our analysis, the fact that Corcoran received an earmarked grant does not eliminate the requirement that it comply with federal regulations governing proper grant management, including the need to maintain adequate support for grant-related expenditures. Except in two instances, Corcoran failed to maintain adequate documentation to support its assertions that the canine was used for grant-related purposes.

In order to move this recommendation toward closure, COPS will need to make a determination on how it will remedy the \$1,200 in questioned costs. COPS’ determination will affect the type of evidence that we will need in order to close this recommendation.

- 10. Resolved.** COPS and Corcoran concurred with our recommendation that Corcoran establish a process to ensure expenditures are properly approved. COPS stated that it will work with Corcoran to obtain a policy requiring proper approval of its grant-related expenditures. Corcoran stated that it would develop a policy that will clearly define responsibilities for each person in the expenditure and approval process. This recommendation can be closed when we receive a copy of Corcoran’s policy to ensure its expenditures are properly approved.
- 11. Resolved.** COPS and Corcoran concurred with our recommendation that Corcoran establish a formal fixed asset policy and properly record all grant-funded property purchases on its official property records. COPS stated that it will work with Corcoran in obtaining Corcoran’s fixed asset and property policy. This recommendation can be closed when we receive a copy of Corcoran’s fixed asset and property policy that ensures all grant-funded property is properly recorded.
- 12. Resolved.** COPS and Corcoran concurred with our recommendation that Corcoran establish a process for preparing accurate and complete

FSRs and that all FSRs are submitted in a timely manner. COPS stated that it would work with Corcoran to obtain Corcoran's policy related to financial reporting. Corcoran stated that it plans to utilize a process for preparing accurate and complete financial reports and scheduling the report due dates on its calendar. This recommendation can be closed when we receive a copy of Corcoran's written policies or procedures that will ensure that it submits in a timely manner accurate and complete financial reports.

- 13. Resolved.** COPS and Corcoran both concurred with our recommendation that Corcoran establish procedures to comply with the grant condition requiring the retention of Forms I-9. COPS stated that it will work with Corcoran to obtain Corcoran's policy for obtaining and retaining Forms I-9 for all employees paid from grant funds. Corcoran stated that its Human Resources Coordinator for the City already verifies Forms I-9 for all new hires. When we conducted our audit, we found that neither the City of Corcoran nor its Police Department maintained the Forms I-9 as required by the grant condition and instructions accompanying the Form I-9. In its response, Corcoran stated that it would have its Police Department begin maintaining copies of each Form I-9 for all Corcoran Police Department employee positions funded by federal grants. This recommendation can be closed when we receive a copy of Corcoran's written procedures ensuring that it maintain all Forms I-9 as required.