



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

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

Audit Report GR-90-11-006
September 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) Technology Program Grant 2009-CK-WK-0303, in the amount of \$250,000, that was awarded to the Sherwood Police Department (Sherwood), located in Sherwood, Oregon. The purpose of the grant was to assist Sherwood in establishing a local interoperable wireless communications network. The purpose of establishing such a network was to improve Sherwood's capability in transferring digital images and video, as well as allow police officers to query remote databases to obtain essential information that would otherwise be unavailable in mobile police units. Also, the interoperable wireless communications network was intended to facilitate Sherwood's need to transfer information between other local departments and enable communication with other public safety agencies that would not be possible through dispatch systems.

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. COPS Technology Program grants provide funding for the continued development of technologies and automated systems to assist state, local, and tribal law enforcement agencies in investing, responding to, and preventing crime. This funding allows recipients the opportunity to establish and enhance a variety of technical equipment or programs to encourage the continuation and enhancement of community policing within their jurisdictions. Since Fiscal Year 1999, COPS, through its Technology Program, has awarded \$1.53 billion to state and local law enforcement agencies to support the development of technologies and assist investigations and prevent crime.

The purpose of our audit was to determine whether costs under Grant 2009-CK-WX-0303 were allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. The objective of our audit was to review performance in the following

areas: (1) internal control environment; (2) drawdowns; (3) program income; (4) expenditures including payroll, fringe benefits, indirect costs, and accountable property; (5) matching; (6) budget management; (7) monitoring of sub-recipients and contractors; (8) reporting; (9) compliance with additional grant requirements; (10) program performance and accomplishments; and (11) post end date activity. We determined that program income, personnel costs, indirect costs, matching, monitoring of sub-recipients and contractors, and post end date activity were not applicable to this grant.

We examined Sherwood's accounting records, financial and progress reports, and operating policies and procedures and found the following:

- Sherwood's Delegation of Contracting Authority was outdated because it inaccurately identified the purchasing authorization levels of the Chief of Police and Information Technology Director; and
- Sherwood lacked a comprehensive implementation plan to accomplish its grant goal (the establishment of an interoperable wireless communications network) before the grant end date of March 2012.

Based on the findings related to Sherwood, we made two recommendations to COPS. These items are discussed in detail in the Findings and Recommendations section of the report. Our audit objective, scope, and methodology are discussed in Appendix I. We discussed the results of our audit with officials from Sherwood, and have included their comments in the report, as applicable. In addition, we requested from Sherwood and COPS written responses to our draft report, which we received and are included in Appendices II and III, respectively. Our analysis of each recommendation and proposed corrective action is discussed in Appendix IV.

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INTRODUCTION

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) Technology Program Grant 2009-CK-WX-0303, in the amount of \$250,000, that was awarded to the Sherwood Police Department (Sherwood), located in Sherwood, Oregon. The purpose of the grant was to assist Sherwood in establishing a local interoperable wireless communications network. The purpose of establishing such a network was to improve Sherwood's capability in transferring digital images and video, as well as allow police officers to query remote databases to obtain essential information that would otherwise be unavailable in mobile police units. Also, the interoperable wireless communications network was intended to facilitate Sherwood's need to transfer information between other local departments and enable communication with other public safety agencies that would not be possible through dispatch systems. As of December 7, 2010, Sherwood had expended \$57,518 of the award.

**EXHIBIT 1
COPS TECHNOLOGY PROGRAM GRANT AWARDED TO SHERWOOD**

Grant Award	Award Start Date	Award End Date ¹	Award Amount
2009-CK-WX-0303	03/11/09	03/10/12	\$250,000
Total:			\$250,000

Source: COPS

The purpose of our audit was to determine whether costs claimed under Grant 2009-CK-WX-0303 were allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. The objective of our audit was to review performance in the following areas: (1) internal control environment; (2) drawdowns; (3) program income; (4) expenditures including payroll, fringe benefits, indirect costs, and accountable property; (5) matching;

¹ The Award End Date includes all time extensions approved by COPS.

(6) budget management; (7) monitoring of sub-recipients and contractors; (8) reporting; (9) compliance with additional grant requirements; (10) program performance and accomplishments; and (11) post end date activity. We determined that program income, personnel costs, indirect costs, matching, monitoring of sub-recipients and contractors, and post end date activity were not applicable to this grant.

Background

The city of Sherwood is located approximately 16 miles southwest of Portland, Oregon. According to the U.S. Census Bureau, as of 2009, the city of Sherwood had an estimated population of 17,930. As of August 2011, Sherwood had a force of 23 sworn police officers. According to the Federal Bureau of Investigation's Uniform Crime Report, Sherwood reported 11 violent crimes and 223 property crimes for 2009.² Sherwood's crime rate was lower than both the average state and national crime rates. For instance, Sherwood's violent crime rate in 2009 was 77 percent lower than the violent crime rate in the state of Oregon and 86 percent lower than the national violent crime rate. Likewise, Sherwood's property crime rate was 59 percent lower than the state and 60 percent lower than the national crime rates.³

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. COPS Technology Program grants provide funding for the continued development of technologies and automated systems to assist state, local, and tribal law enforcement agencies in investing, responding to, and preventing crime. This funding allows recipients the opportunity to establish and enhance a variety of technical equipment or programs to encourage the continuation and enhancement of community policing within their jurisdictions. Since its establishment in Fiscal Year (FY) 1999 through November 2010, COPS, through its Technology Program, has awarded \$1.53 billion to state and local law enforcement agencies to support the development of technologies and assist investigations and prevent crime.

² According to <http://www2.fbi.gov>, violent crime includes murder, manslaughter, forcible rape, robbery, and aggravated assault.

³ Sherwood's 2009 violent crime rate per 10,000 people was 6, while the state of Oregon's was 26, and the national violent crime rate was 43. Sherwood's property crime rate per 10,000 people was 123, while the state of Oregon's was 297, and the national property crime rate was 304.

Sherwood's goal for the grant was to develop an interoperable wireless communications network within Sherwood that would also be made available to other public safety agencies in the county. Sherwood planned to purchase and install a fiber optic cable that would provide connectivity between Sherwood and its communications utility company, the Washington County Consolidated Communications Agency. Sherwood believed that its dispatching system and the computers in each of its police cars would benefit from the high-speed connection by improving the transfer of information between Sherwood's departments and enable communication with other local public safety agencies — something that could not be accomplished with Sherwood's existing dispatch system. In addition, Sherwood planned to purchase and install wireless video cameras in order to allow monitoring for potential criminal activity within schools and at parks. Once operational, Sherwood police officers would be able to view streaming video, download digital images, and query databases for essential information that would otherwise be unavailable in mobile units.

Audit Approach

We tested Sherwood's compliance with what we consider to be the most important conditions of the grant award. Unless otherwise stated in our report, the criteria we audited against were contained in the *COPS 2009 Technology Grant Owner's Manual*, award documents, Code of Federal Regulations, and Office of Management and Budget (OMB) Circulars. Specifically, we tested:

- **Internal Control Environment** – to determine whether the internal controls in place for the processing and payment of funds were adequate to safeguard the funds awarded to Sherwood and ensure compliance with the terms and conditions of the grant.
- **Drawdowns** – to determine whether drawdowns were adequately supported and if Sherwood was managing receipts in accordance with federal requirements.
- **Expenditures** – to determine whether costs charged to the grant 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 Sherwood 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.

- **Budget Management** – to determine whether there were deviations between the amounts budgeted and the actual costs for each category.
- **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 Sherwood complied with award guidelines and special conditions.
- **Program Performance and Accomplishments** – to determine whether Sherwood made a reasonable effort to accomplish stated objectives.

The results of our audit are discussed in detail in the Findings and Recommendations section of this report. We discussed the results of our audit with Sherwood officials and have included their comments in the report, as applicable. Our report contains two recommendations to COPS. The audit objective, scope, and methodology are discussed in Appendix I.

FINDINGS AND RECOMMENDATIONS

Overall, we found that Sherwood adequately maintained grant-related financial records and properly managed the use of grant funds. However, the city of Sherwood's Delegation of Contracting Authority was outdated because it included an inaccurate level of purchasing authority for the Chief of Police and Information Technology Director. Additionally, Sherwood lacked a comprehensive implementation plan for how it planned to complete the installation of the interoperable wireless communications network before the grant expired.

Internal Control Environment

We reviewed the policies and procedures, Single Audit Report, and financial management system for the city of Sherwood, Oregon, which included the police department, to assess the risk of noncompliance with laws, regulations, guidelines, and terms and conditions of the grant. We also interviewed individuals from Sherwood's grants management staff as well as the city's accounting and finance staffs regarding internal controls and processes related to payroll, purchasing, and accounts payable functions. We also observed the financial management system, as a whole, to further assess risk.

Our review of any potential internal control issues disclosed in the Single Audit Report or found in our review of the city of Sherwood's financial management system are discussed below in the Single Audit and Financial Management sections, respectively. During our audit, we noted that Sherwood's Information Technology Director and Chief of Police had approved purchases in excess of \$2,500. However, the city of Sherwood's Delegation of Contracting Authority identified both of these positions (Chief of Police and Information Technology Director) as having approval authority for purchases up to \$2,500.⁴ When we asked Sherwood officials about the inconsistency between the purchases that were approved and the levels of approving authority, Sherwood officials stated that the Delegation of Contracting Authority was outdated and that it did not properly identify the Information Technology Director or the Chief of Police at the proper approving level. Therefore, we recommend that COPS ensure that the

⁴ The City of Sherwood's Delegation of Contracting Authority is a document that identifies the purchasing authorization levels of personnel at different positions, including the City Manager, directors, and managers.

city of Sherwood update its Delegation of Contracting Authority to make it current, complete, and accurate.

Single Audit

According to OMB Circular A-133, non-federal entities that expend \$500,000 or more in federal awards in a year shall have a Single Audit conducted. At the start of our fieldwork, the most recent Single Audit available for the city of Sherwood was for FY 2010.⁵ We reviewed the city of Sherwood's FY 2010 Single Audit Report and found that the independent auditors had issued an unqualified opinion and had no findings.

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 requires that grantees and subgrantees meet the standard of accurate, current, and complete financial reporting, and must maintain accounting records which adequately identify the source and application of federal awards. 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 addition, the *COPS 2009 Technology Program Grant Owner's Manual* requires that a grantee's financial records "must reflect expenditures for each grant project separately."

We found that Sherwood adequately maintained grant-related financial records and data. Sherwood utilized an accounting system entitled Navision. Based on our overall review of grant-related transactions that were recorded in Sherwood's accounting system, we found that the system accurately recorded grant-related receipts and expenditures. Further, Sherwood separately tracked all grant-related receipts and expenditures using a unique code. The financial management system provided for proper segregation of duties, transaction traceability, system security, and limited access.

Drawdowns

According to the *COPS 2009 Technology Program Grant Owner's Manual*, grant recipients should request funds based upon immediate disbursement needs to ensure that federal cash on hand is the minimum needed for disbursements or reimbursements to be made immediately or within 10 days. We compared Sherwood's expenditures to its actual

⁵ The City of Sherwood's fiscal year is from July 1 through June 30.

drawdowns and found that Sherwood drew down grant funds on a reimbursement basis.

Expenditures

We reviewed Sherwood's grant-related accounting records and found that as of December 7, 2010, it contained a total of four transactions totaling \$57,518. All four transactions were for the purchase and installation of equipment. We tested all four transactions to determine if they were allowable, reasonable, properly authorized, and adequately supported. We found that the expenditures were allowable, reasonable, properly authorized, and adequately supported.

Accountable Property

OMB Circular A-133 requires grantees to implement controls to ensure property and equipment purchased with federal funds are properly "safeguarded against loss from unauthorized use or disposition." In addition, according to 28 C.F.R. § 66.32, grantees are required to maintain property records that include:

. . . a description of the property, a serial number or other identification number, source of the property, property owner that holds title, acquisition date, cost of the property, percentage of federal participation in the cost of the property, location, use and condition of the property item, and any ultimate disposition data including the date of disposal and sale price of the property item.

The *COPS 2009 Technology Program Grant Owner's Manual* states that "each grantee must use any equipment funded through a COPS award for approved grant-related purposes and must retain the equipment for the life of the grant. After the conclusion for the grant period, property records must be maintained by the grantee."

As of the date of our fieldwork, December 11, 2010, Sherwood had purchased a total of 16 laptop computers and paid for the installation of a fiber optic cable to connect Sherwood's wireless network to the Washington County Consolidated Communications Agency. We verified that the laptop computers were properly recorded in Sherwood's inventory records and the fiber optic cable in Sherwood's fixed asset report. Further, we physically verified all 16 laptop computers and found that they were being used for law enforcement purposes. Regarding the fiber optic cable, we were unable to physically verify it because it was buried underground. We did not consider

this to be an exception as Sherwood recorded the fiber optic cable in its fixed asset report.

Although the equipment that Sherwood purchased with grant funds was accounted for on Sherwood's inventory records or its fixed asset report, Sherwood failed to identify the equipment as being federally funded. During our audit, Sherwood officials stated that they were unaware of this requirement. Also, they stated that their inventory software lacked an area on the report for identifying where the funding originated. However, at the end of our fieldwork, Sherwood stated that it had corrected this issue. Sherwood also provided to us its inventory records showing that the grant funded equipment was designated as federally funded.

Budget Management

According to 28 C.F.R. § 66.30, when an awarding agency's share of a grant exceeds \$100,000, grantees are required to obtain prior approval from the awarding agency for cumulative transfers among direct cost budget categories that are expected to exceed 10 percent of the total approved budget. Similarly, the *COPS 2009 Technology Program Grant Owner's Manual* allows for the "movement of dollars between approved budget categories . . . or other budget modifications, up to 10 percent of the total award amount, . . . provided that there is no change in project scope." We found that there were no budget deviations that required COPS' approval.

Reporting

According to the *COPS 2009 Technology Program Grant Owner's Manual*, award recipients are required to submit Federal Financial Reports (FFR) and annual program progress reports to COPS. These reports describe the status of the funds and the project, compare actual accomplishments to the objectives, and report other pertinent information. We reviewed the FFRs and the progress reports that Sherwood submitted to COPS and we discuss our results in the following sections.

Federal Financial Reports

The *COPS 2009 Technology Program Grant Owner's Manual* requires grantees to submit FFRs no later than 30 days after the end of each quarter. We reviewed all four of the FFRs submitted at the time of our audit and found that all four were submitted timely, as shown in Exhibit 2.

**EXHIBIT 2
FEDERAL FINANCIAL REPORT HISTORY**

REPORTING PERIOD	FFR DUE DATE	DATE SUBMITTED	DAYS LATE
10/01/09 – 12/31/09	01/30/10	01/25/10	0
01/01/10 – 03/31/10	04/30/10	04/08/10	0
04/01/10 – 06/30/10	07/30/10	07/14/10	0
07/01/10 – 09/30/10	10/30/10	10/07/10	0

Source: COPS

We also reviewed the four FFRs for accuracy and found that the reports accurately reflected grant funded expenditures as shown in Exhibit 3.

**EXHIBIT 3
FEDERAL FINANCIAL REPORT ACCURACY**

REPORT PERIOD	EXPENDITURES RECORDED ON FFR	EXPENDITURES POSTED TO ACCOUNTING RECORDS	DIFFERENCE
10/01/09 – 12/31/09	\$ 2,506	\$ 2,506	\$0
01/01/10 – 03/31/10	45,012	45,012	0
04/01/10 – 06/30/10	10,000	10,000	0
07/01/10 – 09/30/10	0	0	0

Source: COPS and Sherwood

Progress Report

According to a COPS official, progress reports are due annually once COPS notifies the grantee. Upon notification, the grantee is to submit its progress report within 30 days. As shown in Exhibit 4, the first progress report submitted during our audit period was submitted 5 days late. The grant manager told us that the report was late because he did not understand the process for submitting progress reports. This issue has since been resolved with Sherwood submitting its second progress report on time. Therefore we do not believe this is a systemic problem and make no recommendation.

Both progress reports submitted were correctly filled out. Sherwood's implementation of the grant had only begun by the time the first progress report was due. We noted that COPS' progress report template did not provide grantees the ability to give a full description of the status of the

implementation of the grant. Also, at that time, Sherwood had only purchased one laptop for a police vehicle. Therefore, it was too early in the life of the project for Sherwood to be able to provide information on whether the grant-funded project had improved the efficiency and effectiveness of Sherwood's police operations.

The second progress report was submitted on time. During the reporting period, Sherwood was still in the planning phase of the grant project even if it had purchased some equipment. The equipment that Sherwood purchased included an additional 15 laptop computers and the installation of a fiber optic cable. The progress report for calendar year 2010 had a question regarding whether the grantee required programmatic assistance to ensure successful implementation of the grant. Sherwood answered "no" to this question. However, as we discuss in the Program Performance and Accomplishments section of this report, we believe that Sherwood's answer was not accurate.

**EXHIBIT 4
PROGRESS REPORT HISTORY**

REPORT PERIOD	DUE DATE	DATE SUBMITTED	DAYS LATE
01/01/09 - 12/31/09	02/14/10	02/19/10	5
01/01/10 - 12/31/10	01/30/11	01/28/11	0

Source: COPS

Compliance with Additional Grant Requirements

We reviewed Sherwood's grant award documentation to identify any additional special requirements that COPS placed upon Sherwood as a condition of the grant award. We found that Sherwood generally complied with the award's additional special requirements.

Program Performance and Accomplishments

According to the grant application, the main goal of the grant was to develop an interoperable wireless communications network within the city limits of Sherwood that would also be made available to other public safety agencies for the purpose of sharing information. At the time of our audit, Washington County Sheriff's Office and the Tualatin Valley Fire and Rescue planned to participate in Sherwood's network. Tualatin Valley Fire and Rescue serves the city of Sherwood and much of Washington County, including the cities of Beaverton, Durham, King City, Rivergrove, Tigard, Tualatin, West Linn, and Wilsonville, as well as unincorporated areas of

Clackamas, Multnomah, and Washington Counties. Sherwood planned to develop the interoperable wireless communications network by establishing high speed wireless access points in strategic locations.

At the completion of this project, Sherwood officials expected that its law enforcement officers would have the ability to: (1) view and transfer digital images and streaming video, and (2) remotely access and query interdepartmental databases that otherwise would not be available to its officers. Sherwood officials stated that the interoperable wireless communications network will provide officers the ability to identify suspects at traffic stops by making available to police officers digital images that are stored in various departmental databases, or to view in real-time security cameras installed at parks, schools, and public facilities. In addition, the interoperable wireless communications network will facilitate the transfer of information between other department units and enable communication with other local public safety agencies, such as city and county fire and rescue units.

The original implementation plan that was included in Sherwood's grant application stated that the interoperable wireless communications network would be implemented by August 2010. However, as of December 2010, the plan had not been fully implemented and the grant was scheduled to end on March 10, 2012. As of December 2010, we found that Sherwood completed its purchase of the laptop computers and fiber optic cable, which is a necessary first step to achieving interoperability. However, a critical area of the implementation plan, which included the establishment of network access points, had not been installed at the time of our audit. As a result, we concluded that the grant project was not on schedule.

When the grant began, Sherwood planned to rely on a state-wide wireless communication network for emergency services that was in the process of being developed. Sherwood's original plan called for it to build its grant-funded connectivity based on the yet undeveloped state-wide wireless communication network. However, the state-wide wireless communication network for emergency services was dependent on receiving approval from the Federal Communications Commission (FCC) to use a certain band of frequencies in the wireless spectrum. When the FCC did not release these frequencies for public use, the state-wide wireless communication network plan fell through. This resulted in Sherwood having to re-evaluate how it was going to complete its grant goal without the state-wide wireless communication network.

In December 2010, we asked Sherwood officials whether they had a plan for how they were going to implement the remaining grant objectives.

At that time, Sherwood did not have a plan for how it was going to complete the grant project and its grant objectives. However, in February 2011, Sherwood developed a new interoperable wireless communications network plan which consisted of a list of tasks and benchmarks that it had developed. Sherwood officials referred to this as their new implementation plan. This new implementation plan was to utilize an off-the-shelf wireless technology to establish their interoperable wireless communications network – similar to a network setup that was already in place in Washington County. Sherwood officials felt that they could easily duplicate what Washington County had done.

Specifically, Sherwood's plan included the following tasks:

- complete the fiber optic cable connection between Sherwood and its communications utilities company, the Washington County Consolidated Communications Agency, by May 31, 2011; and
- select locations for the installation of wireless access points, to include cost and scheduling estimates.

In addition, Sherwood's plan included the following outcomes that would provide Sherwood police cars with access to the following applications:

- web-based cameras monitoring Sherwood High School and city parks,
- Sherwood's interdepartmental records systems and email,
- Washington County Jail photographs and records, and
- high speed connection to Computer Aided Dispatch.

We reviewed Sherwood's implementation plan and found the plan to be weak, lacking necessary detail such as when and how Sherwood would accomplish its planned tasks. For example, the plan did not explain how Sherwood would complete the fiber optic cable connection with the Washington County Consolidated Communications Agency by May 31, 2011. In addition, Sherwood's plan lacked detail regarding how it would install wireless access points throughout the city before March 2012. Therefore, we believe that Sherwood's plan is inadequate and lacks sufficient detail to comprehensively describe how it will accomplish its grant goal before the grant's end date of March 10, 2012.

As a result of the significant changes to Sherwood's approach in how it planned to accomplish its grant project, we suggested to Sherwood officials that they obtain COPS' approval to use grant funds for a different interoperable wireless communications network than what was originally planned in its grant application. As of August 2011, Sherwood has not yet provided to COPS its list of tasks and outcomes, or an implementation plan, in an effort to seek COPS' approval.

In addition, COPS published a guide, entitled *COPS Law Enforcement Tech Guide*, to help its grantees manage technology projects. We suggested to Sherwood officials that they refer to the *COPS Law Enforcement Tech Guide* as a resource that can help Sherwood plan, purchase, and manage technology successfully.

For example, the *COPS Law Enforcement Tech Guide* suggests:

Once the scope has been sufficiently detailed and defined, it can be broken down into smaller elements or projects that produce specific deliverables. Dissecting scope in this manner is commonly referred to as a work breakdown structure (WBS). Each of these subcomponents of the scope must, obviously, be directly related to and descendent from the scope. Therefore, no activities that are outside of the scope of the project should be included in the WBS. Breaking the scope into manageable pieces begins to define activities and milestones that, once completed, will comprise the full project scope.

Define which activities will produce the various project deliverables, determine their order and their dependence on one another, and how long each activity will take. By analyzing the appropriate activities, order and dependence, you will be able to create an actual schedule . . . and to control the schedule and any changes to it.

Further, the *COPS Law Enforcement Tech Guide* suggests that grantees develop a procurement plan. This includes determining what equipment needs to be purchased, when it must be purchased, which vendor will provide it, and identify the cost of the equipment in order to achieve the grant goal of interoperability.

Sherwood's implementation plan lacks some of the elements that the *COPS Law Enforcement Tech Guide* suggests should be part of a grantee's effort to manage a technology project, such as a work breakdown structure,

procurement plan, and project timeline. Based on our review of what Sherwood has been able to accomplish and what still needs to be accomplished to establish an interoperable wireless communication network, we are concerned that Sherwood will not be able to complete its grant goal before the grant end date. Further, over the past 8 months, Sherwood has not made any progress on implementing its interoperable wireless communications network; this too adds to our concern. Therefore, we recommend that COPS ensure that Sherwood develop a comprehensive implementation plan that will help it accomplish its grant goal of establishing an interoperable wireless communications network before the grant end date of March 10, 2012.

Conclusion

Overall, we found that Sherwood adequately maintained grant related financial records and data. We found that all of the expenditures were accurate, supported, and allowable. However, we found that the city of Sherwood's Delegation of Contracting Authority was out of date and therefore Sherwood's Information Technology Director and Chief of Police had exceeded their formal authority when making purchases above \$2,500. Also, we had concerns with Sherwood's progress in achieving its grant goal of establishing an interoperable wireless communications network. Based on the progress made at the time we conducted our audit, along with a new yet inadequate plan that it developed, we were concerned with Sherwood's ability to accomplish its grant goal before the grant end date.

Recommendations

We recommend that COPS ensure that Sherwood:

1. Updates its Delegation of Contracting Authority to establish that the Information Technology Director and Chief of Police are authorized to approve purchases in excess of \$2,500.
2. Develop a comprehensive implementation plan that will help it accomplish its grant goal of establishing an interoperable wireless communications network before the grant end date.

OBJECTIVE, SCOPE, AND METHODOLOGY

The purpose of our audit was to determine whether costs claimed under Grant 2009-CK-WX-0303 were allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. The objective of our audit was to review performance in the following areas: (1) internal control environment; (2) drawdowns; (3) program income; (4) expenditures including payroll, fringe benefits, indirect costs, and accountable property; (5) matching; (6) budget management; (7) monitoring of sub-recipients and contractors; (8) reporting; (9) compliance with additional grant requirements; (10) program performance and accomplishments; and (11) post end date activity. We determined that program income, personnel costs, indirect costs, matching, monitoring of sub-recipients and contractors, and post end date activity were not applicable to this grant.

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

Unless otherwise specified, our audit covered, but was not limited to, activities that occurred between the start of the grant on March 11, 2009, through the start of our audit fieldwork on December 6, 2010. Further, the criteria we audited against are contained in the Code of Federal Regulation, OMB Circulars, and specific program guidance, such as award documents and *COPS 2009 Technology Program Grant Owner's Manual*.

We did not test internal controls for Sherwood taken as a whole or specifically for the grant program administered by Sherwood. An independent Certified Public Accountant conducted an audit of the city of Sherwood's financial statements. The result of this audit was reported in the Single Audit Report for the year ending June 30, 2010. We reviewed the independent auditor's assessment to identify control weaknesses and significant noncompliance issues related to Sherwood or the federal programs it was administering, and assessed the risks that those findings have on our audit.

In addition, we performed testing on grant expenditures, drawdowns, and property management. We tested all four grant expenditures, all three drawdowns, and all 17 items of accountable property (16 laptop computers and fiber optic cable). 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.

GRANTEE RESPONSE



19 SEP 2011
Police Department
20495 SW Borchers Drive
Sherwood, OR 97140
Tel: 503-625-5523
Dispatch: 503-629-0111
Fax: 503-625-9553

City of Sherwood
22560 SW Pine St
Sherwood, OR 97140
Tel: 503-625-5523
Fax: 503-625-5524
www.sherwoodoregon.gov

Mayor
Keith Mays

Council President
Dave Grant

Councilors
Linda Henderson
Robynn Forsom
Bill Butterfield
Matt Langer
Krisanna Clark

City Manager
Jim Patterson



2009 Top Ten Selection



2007 18th Best Place to Live



September 13, 2011

David Gaschke
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San Francisco Regional Audit Office
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San Bruno, CA 94066

Re: COPS Tech Grant 2009 CKWX0303

This correspondence is in response to the recommendations of the Draft Audit Report of the referenced grant. It should be noted there were only two findings, neither of which identified unauthorized expenditure or the misapplication of grant funds. In fact, the audit confirmed that the project expenditures are consistent with the purpose and terms of the grant application, well documented, and adequate controls are in place to ensure integrity in the administration of the grant funds.

The following response addresses specific audit recommendations:

- 1. "Updates its Delegation of Contracting Authority to establish that the Information Technology Director and Chief of Police are authorized to approve purchases in excess of \$2,500.00."

Concur. The Delegation of Contracting Authority required revision to reflect the authority of the Information Technology Director and Chief of Police to authorize expenditures of up to \$10,000.00. The authority has been granted through revision of administrative policy by the City Manager.

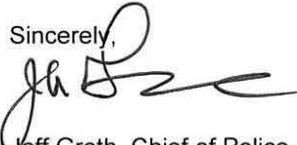
- 2. "Develop a comprehensive implementation plan that will help it accomplish its grant goal of establishing an interoperable wireless communication network before the grant end date."

Concur. The project is relatively well defined, easily conceptualized, and procurement was easily integrated into daily city administration. However, the project will benefit from the management plans proposed in the draft audit, including a work breakdown structure, procurement plan, and project timeline. These project management tools have been completed and are attached for reference. (See Attachments 1-3.)

In summary, the project is within scope and there are no concerns relating to the financial management and control of the grant funds. The only audit finding concerning management of the project concerns the ability to complete the project by the end of the grant period. The audit concludes that lack of an adequate plan has delayed the project. It should be noted that many factors have contributed to delay of the project, including the lapse of a six month period between the grant start date of March 11, 2009 and the actual grant award of September 21, 2009; the unavailability of the 700 MHz radio spectrum as the wireless platform; and unexpected problems with capacity and access of the fiber optic connection with Washington County.

Although the project should be completed as outlined in the attached schedule; I believe it is prudent to request a six month extension of the grant period to allow for the full 36 months initially anticipated in the grant process.

If there are any questions please feel free to contact me or Captain Jim Reed for additional information.

Sincerely,

Jeff Groth, Chief of Police

Cc: Jim Patterson
USDOJ COPS
File

Enhance Response to Crime through High Speed Mobile Data and Video Capacity - WBS

1. Upgrade Mobile Computer Capacity - \$67,518

1.1 Purchase Panasonic Toughbook MDC - \$44,860 and Mobile Comm Routers - \$20,000

1.2 Configure and install MDC & Routers in patrol cars - \$2,658

1.3 Test for enhanced speed and capacity with dispatch

1.4 Monitor, analyze, and evaluate ability of platform to support added technology

2. Establish High Speed Wireless Network - \$145,000

2.1 Develop wireless system plan, (includes specifications of equipment, i.e. server, communications software, antenna, and connectivity scheme)

2.2 Purchase equipment, Server and comm software - \$10,000; wireless access points - \$50,000; and supplies (wire, cable, connectors) - \$5,000

2.3 Contract for Installation of fiber to wireless access points - \$40,000

2.4 Contract for installation and cabling of wireless antenna at access points - \$40,000

2.5 Review, select, and execute contracts

3. Link Fiber Optic Connectivity to Washington County - \$37,482

3.1 Secure agreements with PGE and Washington County for sharing fiber optics line and connections (Sole Source)

3.2 Establish fiber optics connection - \$12,482; installation of WDM equipment - \$15,000; fiber optics switch - \$5,000; and police department firewall - \$5,000.

3.3 Test access to Washington County Records and Dispatch

3.4 Monitor and assess remote data access characteristics

2.6 Complete Installation of cabling, wiring, server and Police

2.7 Test connectivity to city data applications and records;

2.8 Monitor, analyze, and evaluate enhanced interoperability, data, and video transmission

Attachment C

**PROCUREMENT MANAGEMENT PLAN
COMMUNITY ORIENTED POLICING TECHNOLOGY GRANT
2009CKWX0303**

**CITY OF SHERWOOD
OREGON**

09-08-2011

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INTRODUCTION

This Procurement Management Plan sets the procurement framework for this project. It will serve as a guide for managing procurement throughout the life of the project and will be updated as acquisition needs change. This plan identifies and defines the items to be procured, the types of contracts to be used in support of this project, the contract approval process, and decision criteria. The importance of coordinating procurement activities, establishing firm contract deliverables, and metrics in measuring procurement activities is included.

PROCUREMENT MANAGEMENT APPROACH

The City of Sherwood Police Department Support Section Captain will act as the Project Manager, (PM) and the Information Technology Director will provide oversight and management for all procurement activities under this project necessary for the successful completion of the project. The ITD will submit purchase requests and contracts to the Finance Department for execution. The Finance Department will assist the ITD with vendor selection, purchasing, and the contracting process.

PROCUREMENT DEFINITION

The following procurement items and/or services have been determined to be essential for project completion and success. The following list of items/services, justification, and timeline are pending PMO review for submission to the contracts and purchasing department:

Item/Service	Process	Needed By
Panasonic Mobile Computers	RFQ - Competitive Bid	Completed
Computer Server	Discretionary	12/31/2011
Communications Software	RFQ - Competitive Bid	12/31/2011
Fiber Optics Switch	RFQ - Competitive Bid	11/30/2011
Mobile Comm Routers	RFQ - Competitive Bid	12/31/2011

**Project Procurement Management Plan
City of Sherwood COPS Tech Grant**

Wireless Access Points	RFQ - Competitive Bid Awarded Pac Star for 23 Aruba AP175	Done
Misc. Wire, Cable, & Connectors	Discretionary	PII – 12/15/2011 PIII – 02/15/2012
Install Wireless Antenna	RFQ - Competitive bid – Fixed cost	PII – 12/15/2011 PIII – 02/29/2012
Install Fiber Optic to Wireless Antenna Sites	RFQ - Competitive bid – Fixed cost PI Install Awarded Frahler Electric \$10K	PI – Done PII & PIII – 12/15/2011
Fiber optic cable link to Washington Co.	RFQ – Competitive bid – Fixed cost	11/30/2011

In addition to the above list of procurement items, the following individuals are authorized to approve purchases for the project team:

<u>Name</u>	<u>Role</u>
Craig Gibbons	Finance Director
Jim Patterson	City Manager

TYPE OF CONTRACT TO BE USED

Contracting for the installation of (1) fiber optics cable to wireless antenna locations and (2) the wiring and connection of wireless radios / antenna will be solicited by a public Request for Quote and awarded by competitive bid upon a fixed cost basis. The connection of the fiber optic cable to Washington County is a sole source venture with Portland General Electric, as connectivity requires sharing of the fiber optic line.

The ITD will work with the Finance Department to define the item types, quantities, services and required delivery dates. The ITD will then solicit bids from various vendors in order to procure the items within the required time frame and at a reasonable cost under a time and materials contract once the vendor is selected.

CONTRACT APPROVAL PROCESS

The first step in the contract approval process is to determine what items or services will require procurement from outside vendors. This will be determined by conducting a cost analysis on products or services which can be provided internally and compared with purchase prices from vendors. Once cost analyses are complete and the list of items and services to be procured externally is finalized, the ITD will announce solicitations for outside vendors. Once solicitations are complete and proposals have been received by all vendors the approval process begins. The first step of this process is to conduct a review of all vendor proposals to determine which meet the criteria established by the ITD and the Finance Department. Purchases less than \$10,000 require only the approval of the ITD; whereas, purchases greater than that amount must be approved by the City Manager. For larger purchase, the ITD will provide recommendations to the City Manager on which contract best meets the project needs and specifications. The City Manager may also consult with the project manager and Finance Department.

DECISION CRITERIA

The criteria for the selection and award of procurement contracts under this project will be based on the following decision criteria:

- Ability of the vendor to provide all items by the required delivery date
- Quality
- Cost
- Expected delivery date
- Comparison of outsourced cost versus in-sourcing
- Past performance

These criteria will be measured by the ITD, Project Manager, and / or Finance Department Supervisor / Director. The ultimate decision will be made based on these criteria as well as available resources.

VENDOR MANAGEMENT

The ITD is ultimately responsible for managing vendors. In order to ensure the timely delivery and high quality of products from vendors the ITD and the Project Manager, will meet twice monthly with a representative of the Finance Department and each contractor to discuss the progress for each job. The meetings can be in person or by teleconference. The purpose of these meetings will be to review all documented specifications for each product, conformance with the contract schedule, as well as to review the quality test findings. This forum will provide an opportunity to review each item's development or the service provided in order to ensure it complies with the requirements established in the project specifications. It also serves as an opportunity to ask questions or modify contracts or requirements ahead of time in order to prevent delays in delivery and schedule. The ITD will be responsible for scheduling this meeting on a two week basis until all items are delivered and are determined to be acceptable.

Project Procurement Plan Format provided by www.ProjectManagementDocs.com

ATTACHMENT 3

COPS Tech Grant Timeline; Mid-project thru 03-10-2012

Upgrade Mobile Computer		Start	Finish	% Compl
	Identify system requirements	---	---	100%
	Spec computers	---	---	100%
	RFQ & purchase computers	---	---	100%
	Install & configure MDCs	---	---	100%
	Test	---	---	100%
	Monitor, analyze, and evaluate	Continual		
Establish Wireless Network				
Phase I: Network Plan	Identify wireless access pts	---	---	100%
	Identify cabling & wiring scheme - (Engineering in Process for PII PIII)	08/01/11	11/30/11	40%
	Spec equipment needs (wireless radio / antenna, server, software)	08/01/11	11/30/11	50%
	Connect with existing cabling to schools	---	---	100%
	RFQ / purchase 23 wireless radio / antenna	---	---	100%
Phase II	RFQ & award technical services contract for connection of PII Radios / Antenna	09/21/11	09/30/11	15%
	RFQ & award engineering contract for phase II & III	08/25/11	10/30/11	40%
	RFQ & award fiber optic cabling services contract to PII access pts	11/01/11	11/11/11	0%
	Install fiber optic to PII access pts	11/01/11	11/11/11	0%
	install PII radio / antennas	11/01/11	12/15/11	0%
Phase III	RFQ & award Tech Sevices contract for wiring PIII radios / antenna	09/21/11	09/30/11	0%
	Execute agreement with ODOT - 99W radio mount sites (State ROW)	09/11/11	12/31/11	0%
	Execute agreement with Wash. Co -TS Road radio mount sites (County ROW)	09/11/11	12/31/11	0%
	RFQ & award purchase server, mobile routers, comm software	09/01/11	12/31/11	0%
	RFQ & award fiber cabling contract to 99W and TSR /access pts	01/01/12	01/30/12	0%
	Install server and configure software	01/01/12	01/30/12	0%
	Install Cabling	02/01/12	02/10/12	0%
	Install radios / antennas	02/10/12	02/29/12	0%
	Test	10/01/11	03/16/12	0%
	Monitor, analyze, and evaluate	Continual		

COPS Tech Grant Timeline; Mid-project thru 03-10-2012

Link Fiber Optic w/ Wash. Co			
Identify Fiber Optics Connection Points	09/01/11	09/12/11	75%
Secure written agreement for shared fiber with PGE	09/01/11	09/12/11	100%
Secure written agreement with ODOT for fiber connection	09/01/11	10/31/11	10%
Secure written agreement with WCCA for fiber connection	09/01/11	10/31/11	0%
RFQ & Purchase WDM equipment	10/01/11	10/31/11	25%
RFQ & Award for Technical Services to install WDM equipment and connect fiber	11/01/11	11/30/11	0%
Install WDM equipment and connect fiber	12/01/11	12/15/11	0%
Test	12/15/11	01/15/12	0%
Monitor, analyze, and evaluate	Continual		

DEPARTMENT OF JUSTICE RESPONSE

26 SEP 2011



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

COPS

MEMORANDUM

Via Facsimile and U.S. Mail

To: David S. Gaschke
 Regional Audit Manager
 San Francisco Regional Audit Office

From: Lashon M. Hilliard *LH*
 Management Analyst
 Audit Liaison Division
 Community Oriented Policing Services (COPS)

Date: September 21, 2011

Subject: Response to the Draft Audit Report for the City of Sherwood Oregon COPS Tech Grant, #2009CKWX0303

This memorandum is in response to your August 26, 2011 draft audit report for the Sherwood Police Department, Sherwood, Oregon. For ease of review, each audit recommendation is stated in bold and underlined, followed by COPS' response to the recommendation.

Recommendation 1 – Update its Delegation of Contracting Authority to establish that the Information Technology Director and Chief of Police are authorized to approve purchases in excess of \$2,500.

COPS concurs that the City of Sherwood and the Sherwood Police Department (SPD) update its Delegation of Contracting Authority to reflect the authority of the Information Technology Director and the Chief of Police to authorize expenditures of up to \$10,000.00.

Discussion and Completed Actions:

After review of your report and the grantee's response, COPS has determined that the City of Sherwood and SPD has updated its Delegation of Contracting Authority (DCA). The DCA has been revised to authorize expenditures of up to \$10,000 by the Information Technology Director and the Chief of Police. The administrative policy update by the City Manager is included on Page 4 of the Project Procurement Management Plan (*See Attachment 1*).

ADVANCING PUBLIC SAFETY THROUGH COMMUNITY POLICING

David J. Gaschke, Regional Audit Manager, San Francisco Regional Audit Office
Page 2 of 3
September 21, 2011

Request

Based on the discussion and completed actions, COPS requests closure of Recommendation 1.

Recommendation 2 – Develop a comprehensive implementation plan that will help it accomplish its grant goal of establishing an interoperable wireless communications network before the grant end date.

COPS concurs that SPD needs to develop a comprehensive implementation plan that will help it accomplish its grant goal of establishing an interoperable wireless communications network before the grant end date.

Discussion and Completed Actions:

After review of your report and the grantee's response, COPS has determined that SPD has developed a succinct and comprehensive management plan, including: 1) a work breakdown structure, (2) comprehensive procurement plan; and, (3) a project timeline in a deliberative effort to ensure the City will accomplish the goal of establishing an interoperable wireless communications network before the grant end date (*See Attachment II*).

Request

Based on the discussion and completed actions, COPS requests closure of Recommendation 2, thereby closing the entire audit report.

If you have any additional questions, please do not hesitate to contact me at (202) 514-6563.

Enclosures

cc: Louise Duhamel (copy provided electronically)
Acting Assistant Director
DOJ Audit Liaison Group

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

Nancy Daniels (copy provided electronically)
Administrative Assistant
Audit Liaison Division

Audit File
ORI: OR03406

PROCUREMENT MANAGEMENT PLAN
COMMUNITY ORIENTED POLICING TECHNOLOGY GRANT
2009CKWX0303

CITY OF SHERWOOD
OREGON

09-08-2011

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11/17/2011
11/17/2011

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**Project Procurement Management Plan
City of Sherwood COPS Tech Grant**

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Project Procurement Management Plan
City of Sherwood COPS Tech Grant

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Upgrade Mobile Computer		Start	Finish	% Compl
	Identify system requirements	---	---	100%
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	Monitor, analyze, and evaluate	Continual		
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Phase I: Network Plan				
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Link Fiber Optic w/ Wash. Co			
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RFQ & Purchase WDM equipment	10/01/11	10/31/11	25%
RFQ & Award for Technical Services to install WDM equipment and connect fiber	11/01/11	11/30/11	0%
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3.4 Monitor and assess remote data access characteristics

2.6 Complete Installation of cabling, wiring, server and

2.7 Test connectivity to city data applications and records;

2.8 Monitor, analyze, and evaluate enhanced interoperability, data, and video transmission

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

The U.S. Department of Justice Office of the Inspector General, Audit Division, provided a draft of this audit report to Sherwood and COPS. Sherwood's and COPS' responses are incorporated in Appendices II and III of this final report, respectively. The following is our analysis of the responses and summary of actions necessary to close the report.

Recommendations:

- 1. Resolved.** COPS concurred with our recommendation and stated that Sherwood had updated its Delegation of Contracting Authority. Sherwood concurred with our recommendation and acknowledged that its Delegation of Contracting Authority required revision to reflect the authority of the Information Technology Director and the Chief of Police to authorize purchases of up to \$10,000. Sherwood stated that authority has been granted through a revision of its administrative policy by the City Manager. However, neither Sherwood nor COPS provided us with any documentation to support the revision to Sherwood's Delegation of Contracting Authority. Therefore, this recommendation can be closed when COPS provides us with evidence that Sherwood's Delegation of Contracting Authority has been revised to give the Information Technology Manager and the Chief of Police the authority to make purchases up to \$10,000.
- 2. Closed.** COPS concurred with our recommendation and determined that Sherwood has developed a succinct and comprehensive management plan for establishing an interoperable wireless communications network. Sherwood concurred with our recommendation and acknowledged that the grant-funded project would benefit from the management plan proposed in the draft audit, including a work breakdown structure, procurement plan, and project timeline. Further, Sherwood provided with its response documentation showing a work breakdown structure, procurement plan, and project timeline with sufficient detail to assist Sherwood in accomplishing its grant goals. We reviewed the planning documents that Sherwood submitted with its response and determined these documents adequately address our recommendation. Therefore, this recommendation is closed.