



**AUDIT OF THE OFFICE OF
COMMUNITY ORIENTED POLICING SERVICES
HIRING RECOVERY PROGRAM GRANT
ADMINISTERED BY THE
SISKIYOU COUNTY SHERIFF'S DEPARTMENT
YREKA, CALIFORNIA**

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

Audit Report GR-90-13-004
August 2013

**AUDIT OF THE OFFICE OF
COMMUNITY ORIENTED POLICING SERVICES
HIRING RECOVERY PROGRAM GRANT
ADMINISTERED BY THE
SISKIYOU COUNTY SHERIFF'S DEPARTMENT
YREKA, CALIFORNIA**

EXECUTIVE SUMMARY

The Department of Justice Office of the Inspector General, Audit Division, has completed an audit of the Office of Community Oriented Policing Services (COPS) Hiring Recovery Program (CHRP) grant 2009-RK-WX-0159 awarded to the Siskiyou County Sheriff's Department (Siskiyou), in Yreka, California.¹ This grant provided \$615,156 in funding to Siskiyou in order to avoid the pending layoffs of three deputy positions.

The purpose of the audit was to determine whether costs claimed under the grant 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) application statistics, (2) internal control environment, (3) expenditures, (4) drawdowns, (5) budget management and control, (6) program income, (7) reporting, (8) additional award requirements, (9) program performance and accomplishments, (10) retention plan, and (11) post grant end date activity.

To select CHRP grantees, COPS developed a methodology that scored and ranked each applicant based on key data submitted by the applicant. While COPS performed some limited data validity checks, COPS relied heavily on the accuracy of the data submitted by grant applicants. We found that Siskiyou submitted inaccurate information to COPS in its grant application. Siskiyou officials explained that some of the budget and personnel data may have been accurate at the time Siskiyou submitted the grant application. However, Siskiyou officials were unable to provide adequate supporting documentation to mitigate the effect of the discrepancies. We performed sensitivity analyses using different scenarios and determined that the correct crime rate data alone would have prevented Siskiyou from obtaining the grant based on COPS' CHRP award methodology. As a result, we question the CHRP grant totaling \$615,156.

¹ The grant start date was July 1, 2009, and the end date, with all known time extensions, was September 30, 2012.

We also identified additional issues. Specifically, we found:

- The grant account in Siskiyou's accounting system did not accurately reflect grant expense activities;
- Siskiyou's grant budget was based on \$60,815 salaries and benefits in excess of an entry-level position, which violates COPS' CHRP rules;
- Some timecards were not approved as required;
- Siskiyou maintained on-board staffing levels significantly below its budgeted levels for 19 months, which indicates that Siskiyou may have supplanted \$252,449 in CHRP funds; and
- Siskiyou did not base its Federal Financial Reports on actual expenditures.

As a result of these issues we questioned the CHRP grant totaling \$615,156 and provide seven recommendations to COPS to remedy those funds and improve Siskiyou's grant management processes. These items are discussed in further detail in the Findings and Recommendations section of the report. Our audit Objectives, Scope, and Methodology appear in Appendix I and our Schedule of Dollar-Related Findings appears in Appendix II.

We discussed the results of our audit with Siskiyou officials and have included their comments in the report, as applicable. In addition, we requested written responses to this draft audit report from Siskiyou and COPS and appended those comments to this report in appendices III and IV, respectively. Our analysis of both responses, as well as a summary of actions necessary to close the recommendations can be found in Appendix V of this report.

TABLE OF CONTENTS

INTRODUCTION	1
The Office of Community Oriented Policing Services.....	1
American Recovery and Reinvestment Act.....	2
COPS Hiring Recovery Program.....	2
Background.....	2
OIG Audit Approach.....	3
FINDINGS AND RECOMMENDATIONS	5
Application Statistics.....	5
Internal Control Environment.....	9
Expenditures.....	11
Drawdowns.....	13
Budget Management and Control.....	13
Program Income.....	17
Reporting.....	18
Additional Award Requirements.....	22
Program Performance and Accomplishments.....	22
Retention Plan.....	23
Post Grant End Date Activity.....	24
Conclusion.....	24
Recommendations.....	24
APPENDICES:	
I - OBJECTIVE, SCOPE, AND METHODOLOGY	26
II - SCHEDULE OF DOLLAR-RELATED FINDINGS	28
III - THE SISKIYOU COUNTY SHERIFF'S DEPARTMENT RESPONSE TO THE DRAFT AUDIT REPORT	29
IV - OFFICE OF COMMUNITY ORIENTED POLICING SERVICES' RESPONSE TO THE DRAFT AUDIT REPORT	37
V - OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT	42

**AUDIT OF THE OFFICE OF
COMMUNITY ORIENTED POLICING SERVICES
HIRING RECOVERY PROGRAM GRANT
ADMINISTERED BY THE
SISKIYOU COUNTY SHERIFF'S DEPARTMENT
YREKA, CALIFORNIA**

INTRODUCTION

The Department of Justice (DOJ) Office of the Inspector General (OIG), Audit Division, has completed an audit of the Office of Community Oriented Policing Services (COPS) Hiring Recovery Program (CHRP) grant, 2009-RK-WX-0159, awarded to the Siskiyou County Sheriff's Department (Siskiyou), in Yreka, California. This grant, in the amount of \$615,156, was to be used to avoid the pending layoffs of three deputy positions.

**EXHIBIT 1:
CHRP GRANT AWARDED TO
SISKIYOU COUNTY SHERIFF'S DEPARTMENT**

AWARD	AWARD START DATE	AWARD END DATE ¹	AWARD AMOUNT
2009-RK-WX-0159	07/01/09	09/30/12	\$ 615,156
Total			\$ 615,156

Source: COPS

The purpose of the audit was to determine whether costs claimed under the grant 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) application statistics, (2) internal control environment, (3) expenditures, (4) drawdowns, (5) budget management and control, (6) program income, (7) reporting, (8) additional award requirements, (9) program performance and accomplishments, (10) retention plan, and (11) post grant end date activity.

The Office of Community Oriented Policing Services

COPS within the DOJ, assists law enforcement agencies in enhancing public safety through the implementation of community policing strategies in

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

jurisdictions of all sizes across the country. COPS provides funding to state, local, and tribal law enforcement agencies and other public and private entities to hire and train community policing professionals, acquire and deploy cutting-edge crime-fighting technologies, and develop and test innovative policing strategies.

American Recovery and Reinvestment Act

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

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

COPS Hiring Recovery Program

To distribute the Recovery Act money, COPS established CHRP, a grant program for the hiring, rehiring, and retention of career law enforcement officers. COPS created CHRP to provide 100 percent of the funding for approved entry-level salaries and benefits (for 3 years) for newly-hired, full-time sworn officer positions, for rehired officers who had been laid off, or for officers who were scheduled to be laid off on a future date. COPS received 7,272 applications requesting funding for approximately 39,000 officer positions. On July 28, 2009, COPS announced its selection of 1,046 law enforcement agencies as recipients of the \$1 billion CHRP funding to hire, rehire, and retain 4,699 officers. The grants were competitively awarded based on data submitted by each applicant related to fiscal and economic conditions, rates of crime, and community policing activities.

Background

The County of Siskiyou is located in northern California, adjacent to the Oregon border, and is 199 miles northeast of Eureka, California. According to the U.S. Census Bureau, the County of Siskiyou covers 6,278

square miles and as of 2011, the estimated population was 44,507. Siskiyou was one of the areas that experienced a population boom due to California's Gold Rush in the mid 1800's. According to Siskiyou, at the pinnacle of Siskiyou's lumber industry, there were 23 to 25 lumber mills. However, currently there are three lumber mills that are operational. Siskiyou's mission, according to the Siskiyou County Sheriff's Department, is to provide competent, effective, and responsive public safety services to the citizens of Siskiyou and its visitors. According to the Federal Bureau of Investigation's (FBI) Uniform Crime Report, in calendar year 2008 Siskiyou County reported 4 motor vehicle thefts, 125 burglaries, 55 aggravated assaults, and 5 robbery incidents.

OIG Audit Approach

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

- **Application Statistics** – to assess the accuracy of key statistical data that the grantee submitted with its CHRP application.
- **Internal Control Environment** – to determine whether the internal controls in place for how labor charges are recorded, authorized, and allocated to the grant were adequate to ensure compliance with the terms and conditions of the grant.
- **Expenditures** – to determine whether costs charged to the grant, including payroll and fringe benefits costs, were accurate, adequately supported, allowable, reasonable, and allocable.
- **Drawdowns** – to determine whether drawdowns were adequately supported and if Siskiyou was managing grant receipts in accordance with federal requirements.
- **Budget Management and Control** – to determine whether there were deviations between the amounts budgeted and the actual costs for each category.

- **Program Income** – to determine whether any program income generated from the grant funds was appropriately managed.
- **Reporting** – to determine if the required financial, programmatic, and Recovery Act reports were submitted on time and accurately reflected grant activity.
- **Additional Award Requirements** – to determine whether Siskiyou complied with award guidelines and special conditions.
- **Program Performance and Accomplishments** – to determine whether Siskiyou made a reasonable effort to accomplish stated objectives.
- **Retention Plan** – to determine whether there are significant impediments to Siskiyou's ability to adhere to the grant requirement to retain the grant-funded officers for a minimum of 12 months after the conclusion of the grant-funded period.
- **Post End Date Activity** – to determine, for the grant that has ended, whether, Siskiyou complied with post end date award requirements.

These items are discussed in further detail in the Findings and Recommendations section of the report. Our audit Objective, Scope, and Methodology appear in Appendix I and our Schedule of Dollar-Related Findings appears in Appendix II. We discussed the results of our audit with Siskiyou officials and have included their comments in the report, as applicable.

FINDINGS AND RECOMMENDATIONS

We found that the support Siskiyou provided for some application data did not match the statistics submitted on its grant application. We performed a sensitivity analysis and determined that the correct crime data alone would have prevented Siskiyou from obtaining the grant based on COPS' CHRP award methodology.² In addition, we noted that the grant account in Siskiyou's accounting system did not record actual grant-related expenditures. We also found that Siskiyou's grant budget exceeded costs for an entry-level position, which was in violation of CHRP rules. We identified indications of supplanting for 19 months of the grant program. As a result of these issues, we question the \$615,156 CHRP grant in its entirety.

Application Statistics

To select CHRP grantees, COPS developed a methodology that scored and ranked applicants based on data related to their fiscal and economic conditions, rates of crime, and community policing activities. In general, the applicants experiencing more fiscal and economic distress, exhibiting higher crime rates, and demonstrating well-established community policing plans received higher scores and were more likely to receive a grant. While COPS performed some limited data validity checks, COPS relied heavily on the accuracy of the data submitted by grant applicants. In the CHRP Application Guide, COPS reminded applicant agencies to provide accurate agency information as this information may be used, along with other data collected, to determine funding eligibility. In our May 2010 report of the COPS grant selection process, we found that the validation process COPS used to ensure the accuracy of the crime data submitted by applicants was inadequate.³ As a result, some agencies may have received grant funds based on inaccurate applications. However, we were unable to determine the number of applications that included inaccurate data.

² Sensitivity Analysis is defined as a systematic methodology to compute the changes to the total score obtained using COPS algorithm from changes made to the input parameters values (or input variable data values) and the impact of total score change on ranking of the applicant.

³ U.S. Department of Justice Office of the Inspector General, *A Review of the Selection Process for the COPS Hiring Recovery Program*, Audit Report 10-25, (May 2010).

During this audit, we requested documentation from Siskiyou to support the information it submitted in its grant application to COPS to secure the 2009 CHRP grant and we found inaccuracies in this information. The accuracy of the statistics in the grant application is of concern since this grant program was awarded on a competitive basis and award decisions were based on the data contained in the application.

In our assessment of the grant application and documents furnished by Siskiyou, we found discrepancies with the support that Siskiyou provided for its budget and personnel reduction data, family poverty rate, unemployment statistics, and crime data. We discussed these discrepancies with Siskiyou officials who stated that some of the data may have been correct at the time the application was submitted. Therefore, we performed a sensitivity analysis on COPS' award methodology using multiple scenarios assuming that some of the data was correct at the time of submission. However, under each scenario the sensitivity analysis determined that Siskiyou should not have received the grant. Specifically, we determined that the correct crime statistics alone would have prevented Siskiyou from receiving the grant. As a result, we question the award amount of \$615,156. Our analysis is explained in more detail below.

Application Data

In 2009 when COPS scored applications for award, Siskiyou's application score was only slightly above the highest score for "small applicants" that did not receive a grant.⁴ This indicated that Siskiyou's application qualified for the grant with a very slim margin. To ensure the grant was appropriately awarded to Siskiyou, we attempted to verify the statistics it submitted by requesting support for the application data that Siskiyou submitted for Section 4 of the CHRP application: Need for Federal Assistance. However, we noted that the support provided for some of the data did not match the statistics submitted. We performed a sensitivity analysis based on the award methodology COPS employed for the CHRP awards by using the revised data that Siskiyou was able to support. This analysis determined that the points allocated for its application based on that revised data fell below the threshold for an award.

During field work, we discussed the discrepancies with Siskiyou officials, who indicated that some of the budget and personnel reduction data may have been accurate at the time it submitted the application.

⁴ "Small applicants" are law enforcement agencies that serve populations less than 150,000.

However, Siskiyou could not provide an explanation for the discrepancy in crime statistics at that time.⁵ In addition, we found that the correct rate for family poverty was significantly higher than the rate Siskiyou submitted on its application.⁶ As a result, we performed another sensitivity analysis based on the assumption that the budget, personnel reduction, and unemployment discrepancies were correct at the time of submission, but we applied the corrected family poverty and crime rates.⁷ Based on this revised analysis, we determined that while the correct family poverty rate increased Siskiyou's score in relation to our first sensitivity analysis, the correct crime statistics would have prevented Siskiyou from obtaining the grant based on COPS' CHRP award methodology. Using the correct family poverty rate and crime statistics, Siskiyou's application would have received a final score that was significantly below the small applicants' threshold for receiving a grant.

UCR Crime Data

During our exit conference we informed Siskiyou officials about the deficiency in the application statistics and in response, Siskiyou provided new information in an effort to substantiate its crime data reported in its grant application. However, this information conflicted with documentation we were previously provided, and Siskiyou did not provide supporting documentation for this new information. Further, we noted that Siskiyou included crime data for several cities that had their own police departments and reported their statistics separately to the FBI UCR Program. Siskiyou stated it believed it was appropriate to include the crime data for those additional police departments since they are within Siskiyou County's geographical jurisdiction. However, we noted that the grant application states "using the UCR crime definitions, enter the actual number of incidents reported to your jurisdiction in calendar year 2008 for the following crime types." According to the 2004 UCR Handbook, cities that have their own police department must report their own crime data to the UCR program, unless there was an agreement to do otherwise.

⁵ During our audit fieldwork, we requested Siskiyou's support for its application crime statistics. In response to that request, Siskiyou provided its 2008 submission to the FBI' Uniform Crime Reporting (UCR) Program.

⁶ The application requested the family poverty rate as identified in the Census Bureau 2005-2007 American Community Survey.

⁷ In using these statistics, we summed appropriate crime data reported for Siskiyou County, as well as cities within the geographic borders of the County which: (1) do not have their own police departments for which Siskiyou County provided policing services (Fort Jones, Dunsmuir, Montague, and Dorris, California), and (2) cities with whom Siskiyou County had crime reporting agreements (Etna and Tulelake).

To ensure we are including the appropriate crime data, we requested information regarding agreements that Siskiyou had with these other jurisdictions and Siskiyou provided us with agreements to provide policing services to the cities of Fort Jones, Dunsmuir, Montague, and Dorris. Further, Siskiyou provided us with crime reporting agreements for the cities of Etna and Tulelake. However, Siskiyou did not provide us agreements with the other entities for which it provided us crime statistics, which included Mt. Shasta, Weed, Yreka, and the California Highway Patrol. Therefore, we concluded that based on the information requested in the application, it was appropriate to only include in our analysis UCR crime data for Siskiyou County Sheriff's Department, as well as the cities of Fort Jones, Dunsmuir, Montague, Dorris, Etna, and Tulelake.

Exhibit 2 presents our analysis and comparison of values for key questions from Siskiyou's section 4 application with the audited value which we were able to support. This table only presents the application questions for which we ultimately determined Siskiyou submitted inaccurate information.

**EXHIBIT 2:
SIGNIFICANT DISCREPANCIES FOUND IN SIKSIYOU'S
SECTION 4 CHRP APPLICATION DATA**

Q.	DESCRIPTION	APPLICATION VALUES	FINAL OIG AUDITED VALUE¹
8a.	Family Poverty Rate ²	12.8%	26.9%
13a	Criminal Homicide	1	1
13b	Forcible Rape	10	10
13c	Robbery	7	5
13d	Aggravated Assault	216	59
13e	Burglary	133	129
13f.	Larceny (except motor vehicle theft)	119	194
13g	Motor Vehicle Theft	79	4

Source: OIG Analysis of Siskiyou Application and Corresponding Support

¹ As stated previously, our final analysis was based on the assumption that the application information for budget, personnel reduction, and unemployment statistics was correct at the time of submission; this final OIG analysis only applied the corrected family poverty and crime rates. Our analysis of data for crime rates in question 13 included 2008 UCR crime data for Siskiyou County Sheriff's Department, as well as the cities of Fort Jones, Dunsmuir, Montague, Dorris, Etna, and Tulelake.

² The application requested the family poverty rate identified in the Census Bureau 2005-2007 American Community Survey.

Even in consideration of the higher family poverty rate, we concluded that using corrected crime data would have resulted in Siskiyou's application receiving a significantly lower score than the COPS-calculated score using the inaccurate data. Because the corrected score fell below the threshold for awarding CHRP grants to small applicants based on COPS' CHRP award methodology, we question Siskiyou's award totaling \$615,156. In addition, we recommend COPS ensure that Siskiyou establishes procedures to verify that it submits accurate information for future DOJ grant applications.

Internal Control Environment

We reviewed Siskiyou's Single Audit Report and obtained an understanding of Siskiyou's financial management system. We also interviewed grantee officials and performed salary and fringe benefit testing to gain an understanding of Siskiyou's internal control environment. Below we detail the results of our review of the Single Audit Report and Siskiyou's financial management system.

Single Audit

According to OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, non-federal entities that expend \$500,000 or more in federal awards in a year shall have a Single Audit conducted. We reviewed the County of Siskiyou's Single Audit Reports for fiscal years (FY) ending June 30, 2010, and June 30, 2011. We found that both reports identified significant deficiencies. Key findings from the June 30, 2011, Single Audit Report that may have impacted our audit are listed below.

- Finding 11-FS-1 (Significant Deficiency) identified the lack of a written, uniform policy requiring the approval of a direct supervisor in departments that are too large for the department head to have personal knowledge of the work each of his or her employees are performing.
- Finding 11-SA-3 (Material Weakness) reported noncompliance with salary documentation requirements related to 2 C.F.R. Part 225, Cost Principles for State, Local, and Indian Tribal Governments (formerly known as OMB Circular A-87) and timecards that were not approved by a supervisor.
- Finding 11-SA-7 (Material Weakness) involved timing differences at the beginning and end of the period which caused reporting of incorrect federal expenditure amounts.

We found that the County of Siskiyou responded to the issues identified in the Single Audit Report. However, our audit revealed deficiencies regarding the Siskiyou County Sheriff's Department's adherence to its timecard approval policies and process for developing Federal Financial Report (FFR) expenditures. These deficiencies are discussed in more detail in the Expenditures and Reporting sections of this report.

Financial Management System

According to the Grant Owner's Manual: "[the grantee's] accounting system should...[t]rack all drawdowns and grant expenditures, including the actual costs of salaries and fringe benefits paid to the CHRP-funded officers..." Additionally, the grant award's special condition states: "The recipient agrees to maintain accounting systems and records that adequately track, account for, and report on all funds from this Recovery Act award (including officers hired, salaries and fringe benefits paid, and the number of jobs created and jobs preserved) separately from all other funds (including other COPS and federal grants awarded for the same purposes)." Finally, 28 C.F.R. Part 66, Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Units of Governments specify standards for financial management systems that will adequately identify the source and application of funds provided for financially-assisted activities.

We determined that the grant account did not reflect accurate grant expense activities. Specifically, Siskiyou officials stated that it first paid the payroll (including salary and fringe benefits) of the grant-funded deputies out of Siskiyou's local fund. Then, officials stated that on a quarterly basis they calculated the payroll amount that should be allocated to the grant. We reviewed the accounting records provided by the grantee and determined that for the first 2 years of the grant Siskiyou posted in its accounting system lump sum journal entries to the grant account which generally totaled an amount equal to the COPS-approved payroll budget for each year divided by four.¹⁰ However, these lump sum amounts neither accounted for the total program costs, nor did they account for grant expenditures as they were incurred. We discussed this issue with Siskiyou officials, who responded that the Department now understands that it is important to show the actual amount being spent on salaries during the quarter and that procedure will be enforced in all future grant billings where this type of tracking is required. As a result, we recommend COPS ensure that Siskiyou develops procedures to adequately account for future grant-related

¹⁰ One journal entry for the second year of the grant totaled 2 quarters, but the amounts for that year totaled the amount approved in the budget.

expenditures in accordance with 28 C.F.R. Part 66 standards for financial management systems.

Expenditures

In our testing of the salary and fringe benefit costs, we first determined whether Siskiyou had charged the entry-level salary and fringe benefit costs as required by the Grant Owner's Manual. Then, we selected a judgmental sample of two non-consecutive pay periods for the grant-funded deputies and tested the selected payroll transactions to verify that salaries and fringe benefit costs were accurate, adequately supported, and reasonable. We describe the results of our payroll testing below.

Entry-Level Salary

The Grant Owner's Manual states: "Salaries covered by CHRP must be based on your agency's standard entry-level salary and fringe benefits package under the laws or rules that govern hiring by your agency."

We found that Siskiyou did not include the entry-level salary amount for its grant-funded deputies and the corresponding fringe benefits in its application. Instead, Siskiyou included the salary and its corresponding fringe benefits of a fully trained journeyman-level deputy position. Siskiyou officials explained that it used this rate because it did not have any Deputy I, or entry-level, positions within the Department and did not hire at that level. However, we found no COPS-approved exemption for Siskiyou to use the journeyman-level salary rather than the required entry-level salary amount. As a result, we determined that the grant budget was overstated by the difference in personnel costs between an entry-level position and a journeyman-level position for the three full-time deputies for 3 years. We questioned the difference in personnel costs totaling \$60,815.

Improperly Approved Timecards

2 C.F.R. Part 225 states "To be allowable under Federal awards, costs must . . . be adequately documented." Further, "Charges to federal awards for salaries and wages . . . will be based on payrolls . . . approved by a responsible official(s) of the governmental unit." Furthermore, Siskiyou's Timekeeping Policy states: "Employee: . . . Make sure you agree with your hours and leave balances as entered . . . Supervisors will approve their subordinate's times up to the last day of work at the end of the pay period."

We performed salary testing on two non-consecutive pay periods during the grant period: pay period ending November 29, 2009, and pay

period ending March 31, 2012. We noted that the number of hours worked by the deputies assigned to the grant, as reflected in their timecards, were accurately recorded into the County of Siskiyou's financial management system for both pay periods tested. However, for the pay period ending November 29, 2009, the timecards of the three grant-funded deputies were not properly authorized as they were missing the employee's electronic approval in the Kronos Timekeeping System. In addition, for the pay period ending March 31, 2012, the timecard of one grant-funded deputy was not properly authorized as it was missing the supervisor's electronic approval in the Kronos Timekeeping System.

A Siskiyou official stated that the Kronos Timekeeping System defaults to 80 base hours even if timecards were not signed off by the sworn deputy and the supervisor. The official also stated that a prior audit included a similar finding regarding the timecard approval process and that the County of Siskiyou has since issued a memorandum to all the departments reiterating the policy requiring that employees and supervisors approve all timecards.

After our audit fieldwork, Siskiyou retroactively approved the unsupported timecards of the three grant-funded deputies we discussed above. Therefore, we did not question the costs associated with those timecards. In addition, after our audit fieldwork, Siskiyou provided updated payroll procedures. However, based on our review of these revised procedures, we believe that the revised procedures would not prevent the deficiency we identified in the timecard approval process from occurring again. Therefore, we recommend that COPS ensures that Siskiyou properly approves its employees' timecards.

We obtained from Siskiyou the actual payroll details of the grant-funded deputies, which showed the amount the deputies were paid. We tested the accuracy of the payroll details by judgmentally selecting three non-consecutive pay periods for each FY – specifically for FYs 2010, 2011, and 2012. We traced the payroll expense details to the time sheet print screens. We found that the payroll details were accurate except that the details showed that the deputies were paid a dollar amount for comp time. However, according to the grant manager, the deputies were not paid a dollar amount for comp time. Instead, the deputies were compensated by taking paid leave.

Fringe Benefits

Based on our review of the grant account and our interview with Siskiyou's official, we determined Siskiyou only charged the fringe benefits

costs as stated on the grant budget. Therefore, we performed testing to determine if fringe benefit percentages stated on the grant budget were properly supported. Based on our testing, we determined that Social Security, Medicare, life insurance, vacation, sick leave, retirement, and night differential payment fringe benefit rates on the grant application were properly supported. However, health insurance, worker's comp, and unemployment insurance fringe benefit rates were not supported as Siskiyou did not provide adequate documentation to support the amounts charged. Nonetheless, since Siskiyou had charged less total fringe benefits on the grant budget than the supportable total fringe benefits, we did not question the costs.

Drawdowns

COPS requires grantees to minimize the cash maintained on hand by requesting funds based on immediate cash disbursement needs. Even though advances are allowed, funds must be used within 10 days of an electronic transfer. As of May 2012, Siskiyou drew down \$559,418 in grant funds.

We asked Siskiyou's Fiscal Officer about Siskiyou's process for requesting drawdowns and she stated that she calculated drawdown amounts using the payroll budget information in the grant application. She divided the total grant award by 3 years to obtain an annual personnel cost amount and divided that figure by four to obtain a drawdown amount. This drawdown amount is what she requested as reimbursement for expenditures. To ensure drawdowns were not in excess of grant-related expenditures, we compared the deputies' salary expenditures with total drawdowns and concluded that expenditures exceeded drawdowns.

Budget Management and Control

Criteria established in 28 C.F.R. § 66.30 addresses budget controls surrounding grantee financial management systems. According to the C.F.R., grantees are permitted to make changes to their approved budgets to meet unanticipated program requirements. However, the movement of funds between approved budget categories in excess of 10 percent of the total award must be approved in advance by the awarding agency. Exhibit 3 summarizes the budget for this grant by category.

**EXHIBIT 3:
CHRP GRANT BUDGET
GRANT 2009-RK-WX-0159**

CATEGORY	BUDGET AMOUNT
Personnel	\$389,067
Fringe Benefits	\$226,089
Total	\$615,156

Source: COPS

As explained in the Internal Control Environment section of this report, Siskiyou recorded only lump sum expenditure amounts in its grant account. These lump sum amounts did not differentiate between grant-funded personnel and fringe benefit costs. Therefore, we could not perform standard analysis on the grant account to determine whether the 10 percent rule was followed. However, the grant was only for salary and fringe benefits and we were provided support that only salary and benefits were charged to the grant. Given that the grant was only for salaries and fringe benefits, we do not believe the 10 percent rule was violated.

Supplanting

On September 8, 2009, Siskiyou signed assurances that it would comply with 16 special conditions as a condition to receive COPS funding. Special condition number 4 states that "CHRP grant funds may not be used to replace state or local funds (or, for tribal grantees, Bureau of Indian Affairs funds) that would, in the absence of federal aid, be made available for hiring and for rehiring full-time career law enforcement officer positions." According to the Grant Owner's Manual, the non-supplanting requirement means that a grant recipient receiving CHRP grant funds to hire a new officer position, including filling an existing officer vacancy that is no longer funded in the recipient's local budget, must hire the additional position on or after the official grant award start date, above its current budgeted (funded) level of sworn law enforcement positions.

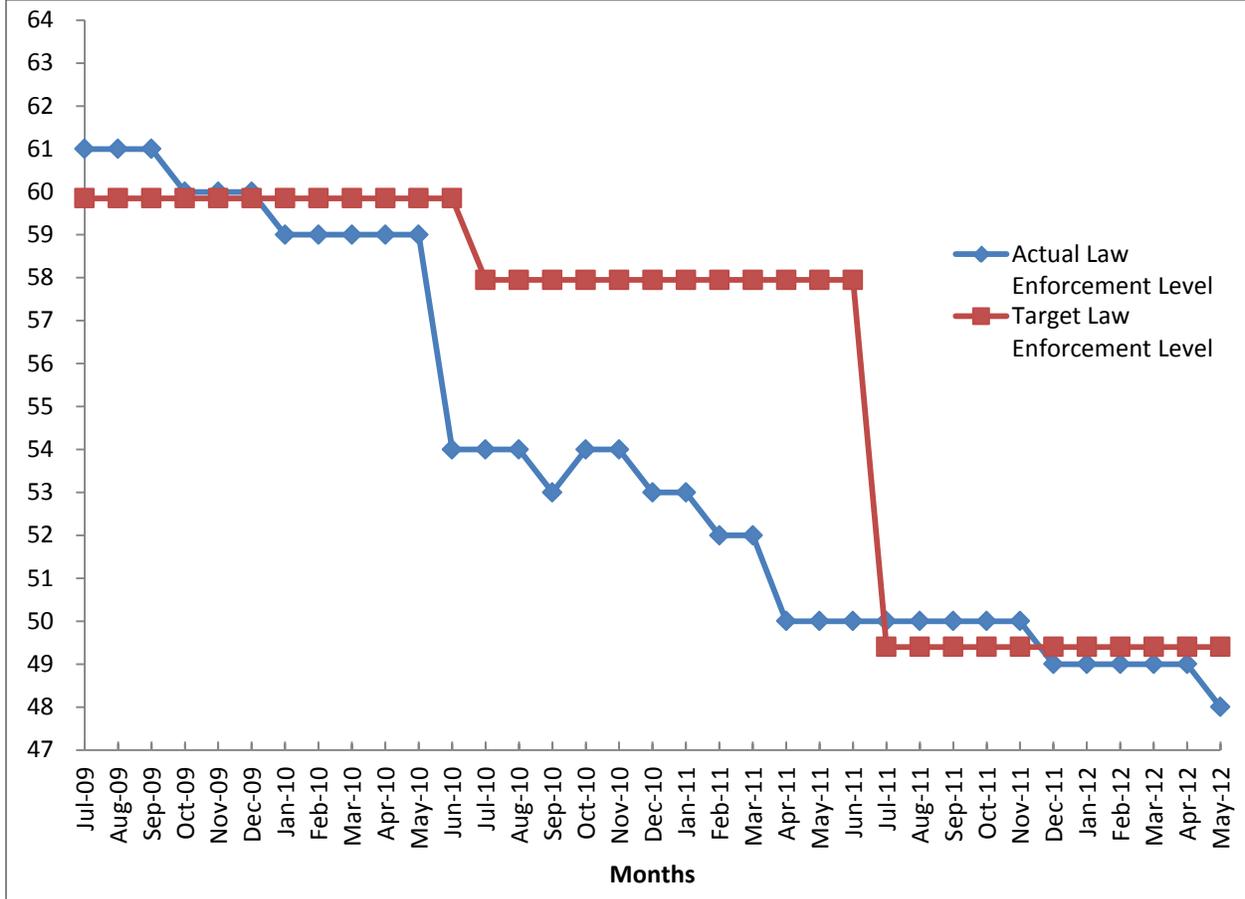
We reviewed Siskiyou's funded strength from July 2009 to May 2012 to determine if Siskiyou filled local vacancies above its current funded level of sworn law enforcement positions. Based on the information Siskiyou provided, we identified the amount of locally-funded law enforcement personnel positions that Siskiyou had budgeted for in FY 2009 through

FY 2012, which totaled 62, 60, 58, and 49 positions, respectively.¹¹ In order to assess whether Siskiyou adhered to the non-supplanting requirement, we developed a target rate using the locally-funded positions as a base. Specifically, for the grant period starting in July 2009, we added to the locally-funded base budget three positions for the CHRP-funded positions to account for three positions that the grant was to retain, and we reduced this target level by an estimated 5 percent attrition rate for normal turnover.¹² We then compared this target rate to the actual number of law enforcement personnel on board on a monthly basis. As seen in Exhibit 4, we note months where the total target sworn law enforcement level dipped below the actual sworn law enforcement level even after factoring in a 5 percent attrition allowance into the target rate.

¹¹ Budgeted positions did not include any law enforcement positions that were frozen, which means authorized but unfunded due to budget issues.

¹² The OIG has factored in 5 percent for normal and routine personnel turnover, which means that the Target law enforcement Level represents a range consisting of 95 percent to 100 percent of the target.

**EXHIBIT 4:
TARGET AND ACTUAL SWORN LAW ENFORCEMENT ON BOARD**



Source: OIG analysis of Siskiyou's records

Our analysis revealed that Siskiyou was one to eight positions below the baseline from January 2010 to June 2011 and May 2012 (a total of 19 months). We consider the on-board levels during these months in which the actual sworn law enforcement positions were below the target sworn law enforcement level to indicate months of supplanting. In order to understand why the on-board sworn law enforcement level dipped below the target sworn law enforcement level, we requested budgetary information from Siskiyou's Fiscal Officer, because dips in the actual level of sworn law enforcement positions could have been attributable to budgetary reductions in those specific fiscal years. From FY 2010 to FY 2012 there were either discussions concerning budgetary reductions or actual budget cuts. We asked Siskiyou officials to provide us with support for how many positions in the Sheriff's Department would have been affected by the budgetary reductions. However, we were not provided with adequate documentation to support the number of sworn law enforcement positions that were cut or would have been cut by budgetary reductions.

In our analysis, we factor a 5 percent attrition rate for normal turnover prior to the award period. However, if law enforcement agencies can support a higher attrition rate based on historical vacancy rates prior to the grant period, we utilize their validated percentage in our analysis. After we held an Exit Conference with Siskiyou officials to discuss the audit findings, Siskiyou provided new information regarding Siskiyou's historical attrition rates to incorporate into our analysis. Siskiyou provided a spreadsheet of its law enforcement personnel's hire and termination date and a calculation of an attrition rate for FYs 2008 to 2012. This spreadsheet showed that prior to the start of the grant period, Siskiyou calculated a 5 percent attrition rate, which confirmed that it was reasonable for us to utilize a 5 percent attrition rate in our analysis. Siskiyou also provided budget-related documents and calculations to indicate the number of sworn law enforcement positions affected by budgetary cuts. However, Siskiyou did not provide support for its calculations. As a result, we question \$252,449 related to indications of supplanting that we found in our audit.

Program Income

In addition, based on the testing we performed and according to statements made by Siskiyou officials, Siskiyou utilized grant-funded deputies to provide law enforcement services under a contractual basis to four cities.¹³ According to 28 C.F.R. § 66.25, we consider the revenue generated by the grant-funded deputies as program income. We found no authorization from COPS for Siskiyou to earn program income, and Siskiyou did not report any program income to COPS on its FFRs, which as discussed in the Reporting section made the FFRs inaccurate.

28 C.F.R. § 66.25 states that "[g]rantees are encouraged to earn income to defray program costs," and "[p]rogram income shall be deducted from outlays which may be both Federal and non-Federal...." With regards to deducting program income, the same regulation states: "[o]rdinarily program income shall be deducted from total allowable costs to determine the net allowable costs. Program income shall be used for current costs unless the Federal agency authorizes otherwise."

Based on this criteria, Siskiyou should have reduced its total allowable costs by the amount that it earned from its contracts with the four local cities. However, as we already have discussed in the Internal Control

¹³ The grant-funded deputies worked in the cities of Montague, Dorris, Fort Jones, and Dunsmuir in support of contracts Siskiyou established with each city for fiscal years 2010, 2011, and 2012.

Environment section of this report, Siskiyou did not record actual costs associated with the CHRP grant in its grant-related accounting records. Instead, it recorded only budgeted amounts that totaled the grant award. Therefore, we could not definitively determine the total allowable costs, and thereby the net allowable costs. What we were able to determine was an estimated amount (\$252,567) of program income that Siskiyou received from its contracts with the four local cities and that specifically related to the three grant-funded deputies.¹⁴

We confirmed that the Siskiyou Sheriff's Department did not have a written policy on tracking program income. We discussed this issue with Siskiyou officials, who responded that the Department will establish an official policy to adequately track income generated by grant or federally funded positions in order to accurately report program income on the FFRs as well as appropriate Progress Reports. As a result, we recommend that COPS ensure Siskiyou establishes procedures to track and report future program income generated by federal grant-funded activities and ensure such revenue is recorded in Siskiyou's grant-related accounting records as required. In addition, we recommend that COPS ensure Siskiyou calculates the net allowable cost for its CHRP grant by determining the total allowable costs, verifying the total program income earned by its three grant-funded deputies, and subtracting the program income from total allowable costs. If net allowable costs are below the CHRP grant award of \$615,156, then Siskiyou may need to return the difference to COPS.

Reporting

According to the Grant Owner's Manual, award recipients are required to submit both quarterly FFRs and quarterly Progress Reports. Moreover, since this was a Recovery Act grant, Siskiyou was also required to submit quarterly Recovery Act reports. We reviewed the FFRs, Progress Reports, and quarterly Recovery Act reports submitted by Siskiyou to determine whether each report was accurate and submitted in a timely manner.

Federal Financial Reports

The financial aspect of CHRP grants are monitored through FFRs. According to the Grant Owner's Manual, FFRs should be submitted within

¹⁴ To calculate program income related for the CHRP grant that we audited, we identified an effective rate (total revenue received divided by the total hours worked on each contract) by which Siskiyou was reimbursed for each contract. We then multiplied the applicable effective rate by the number of hours that each grant-funded deputy worked on each contract, which resulted in the amount of revenue generated by the deputies.

45 days of the end of the most recent quarterly reporting period. Even for periods when there have been no program outlays, a report to that effect must be submitted. Funds may be withheld if reports are not submitted or are excessively late. A Siskiyou official stated it submitted FFRs with expenditure amounts based on the requested drawdown amounts. As of December 31, 2011, Siskiyou submitted 10 FFRs for this grant. We tested each FFR for accuracy and timeliness. As shown in Exhibit 5, we did not note any reportable exceptions with regard to the timeliness of FFRs that Siskiyou submitted.

**EXHIBIT 5:
FEDERAL FINANCIAL REPORT HISTORY
GRANT 2009-RK-WX-0159**

	REPORT PERIOD (FROM - TO DATES)	REPORT DUE DATE	DATE SUBMITTED	DAYS LATE
1	07/01/09 to 09/30/09	11/14/09	10/20/09	0
2	10/01/09 to 12/31/09	01/30/10	01/07/10	0
3	01/01/10 to 03/31/10	04/30/10	04/09/10	0
4	04/01/10 to 06/30/10	07/30/10	07/07/10	0
5	07/01/10 to 09/30/10	10/30/10	10/08/10	0
6	10/01/10 to 12/31/10	01/30/11	01/06/11	0
7	01/01/11 to 03/31/11	04/30/11	04/13/11	0
8	04/01/11 to 06/30/11	07/30/11	07/13/11	0
9	07/01/11 to 09/30/11	10/30/11	10/06/11	0
10	10/01/11 to 12/31/11	01/30/12	01/10/12	0

Source: OIG Analysis of FFRs

According to 28 C.F.R. § 66.20, "Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant." As we discussed in the Internal Control Environment section of this report, Siskiyou did not reflect the grant expenditures in the grant account, but instead used estimated expenditures based on the approved budget amounts to prepare the FFRs. As discussed in the Program Income section of this report, we identified potential program income that was not included on the FFRs. Therefore, we determined that the FFRs were not prepared accurately and recommend that COPS ensure that Siskiyou implement procedures to base its FFRs on actual expenditures.

**EXHIBIT 6:
ACCURACY OF SISKIYOU'S FINANCIAL REPORTS
GRANT 2009-RK-WX-0159**

REPORT PERIOD (FROM – TO DATES)	EXPENDITURES (FFRs)	ESTIMATED EXPENDITURES (GRANT ACCOUNT)	DIFFERENCE
01/01/11 to 03/31/11	\$ 51,137	\$0	\$ (51,137)
04/01/11 to 06/30/11	\$ 51,137	\$ 102,273	\$ 51,137
07/01/11 to 09/30/11	\$ 55,739	\$0	\$ (55,739)
10/01/11 to 12/31/11	\$ 55,739	\$0	\$ (55,739)
Totals:³	\$213,750	\$102,273	\$(111,477)

Source: OIG analysis of Siskiyou's accounting records

Progress Reports

Progress Reports provide information relevant to the performance of an award-funded program and the accomplishment of objectives as set forth in the approved award application. According to the Grant Owner's Manual, these reports must be submitted quarterly, within 30 days after the end of the reporting periods for the life of the award. We tested the timeliness of Progress Reports approximately submitted over the past 2 years. As seen in Exhibit 7, we found that one Progress Report covering the period from July 1, 2009, to September 30, 2009, was submitted 6 days after the due date. Since this was an isolated incident, we do not take exception.

³ Differences between the sum of the amounts included in the table and the totals are the result of rounding.

**EXHIBIT 7:
PROGRESS REPORT HISTORY
GRANT 2009-RK-WX-0159**

	REPORT PERIOD (FROM – TO DATES)	REPORT DUE DATE	DATE SUBMITTED	DAYS LATE
1	07/01/09 to 09/30/09	10/30/09	11/05/09	6
2	10/01/09 to 12/31/09	01/30/10	01/07/10	0
3	01/01/10 to 03/31/10	04/30/10	04/09/10	0
4	04/01/10 to 06/30/10	07/30/10	07/07/10	0
5	07/01/10 to 09/30/10	10/30/10	10/08/10	0
6	10/01/10 to 12/31/10	01/30/11	01/11/11	0
7	01/01/11 to 03/31/11	04/30/11	04/13/11	0
8	04/01/11 to 06/30/11	07/30/11	07/13/11	0
9	07/01/11 to 09/30/11	10/30/11	10/06/11	0
10	10/01/11 to 12/31/11	01/30/12	01/10/12	0

Source: COPS

We sampled the last four reports to test for accuracy. We tested each report to determine if the reports contained the required information, included accomplishments related to community policing, and accurately reported the data. We found the reports we reviewed to be accurately based on documentation we reviewed.

Recovery Act Reports

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

Siskiyou was responsible for submitting 10 Recovery Act reports from July 1, 2009, to December 31, 2011. We tested all 10 reports to determine if the reports were submitted timely. Of the 10 reports reviewed for timeliness, 3 were submitted 2 to 3 days late. According to Siskiyou's Fiscal Officer, if due dates fell on a weekend or a holiday then the due date was extended. We verified this and we therefore do not take exception to the late submission of the three Recovery Act reports.

**EXHIBIT 8:
RECOVERY ACT REPORT HISTORY
GRANT 2009-RK-WX-0159**

	REPORT PERIOD (FROM – TO DATES)	REPORT DUE DATE	DATE SUBMITTED	DAYS LATE
1	07/01/09 to 09/30/09	10/10/09	10/07/09	0
2	10/01/09 to 12/31/09	01/10/10	01/07/10	0
3	01/01/10 to 03/31/10	04/10/10	04/09/10	0
4	04/01/10 to 06/30/10	07/10/10	07/07/10	0
5	07/01/10 to 09/30/10	10/10/10	10/08/10	0
6	10/01/10 to 12/31/10	01/10/11	01/06/11	0
7	01/01/11 to 03/31/11	04/10/11	04/13/11	3
8	04/01/11 to 06/30/11	07/10/11	07/12/11	2
9	07/01/11 to 09/30/11	10/10/11	10/12/11	2
10	10/01/11 to 12/31/11	01/10/12	01/10/12	0

Source: OIG Analysis of Siskiyou's Recovery Act Report Submissions

According to Siskiyou's Fiscal Officer and the Assistant Sheriff, Siskiyou prepared Recovery Act using activity logs and summarized narratives of the grant-funded deputies' activities. We compared Recovery Act reports to activity logs and narratives and we found that the Recovery Act reports were generally supported by the documentation we received.

Additional Award Requirements

On September 8, 2009, Siskiyou officials signed assurances that Siskiyou will abide by 16 special conditions and terms of the grant. We analyzed documentation to determine whether Siskiyou complied with the 16 special conditions. Other than the deficiencies previously discussed in this report, we found no significant violations of the special conditions that we tested during this audit.

Program Performance and Accomplishments

In the CHRP Application Guide, COPS identified the methods for measuring a grantee's performance in meeting CHRP grant objectives. According to COPS, there were two objectives for the CHRP grant program: (1) to increase the capacity of law enforcement agencies to implement community policing strategies that strengthen partnerships for safer communities and enhance law enforcement's capacity to prevent, solve, and control crime through funding additional officers, and (2) to create and preserve law enforcement officer jobs.

COPS requires a grantee to be able to demonstrate that it is initiating or enhancing community policing in accordance with its community policing plan. According to Siskiyou's community policing plan, budget cuts were threatening several programs from being reduced or cut. Siskiyou further stated that the grant would allow it to designate Community Liaison Officers to patrol areas. The breadth of the Community Liaison Officer position included working as Public Information Officers in order to report crime trends and to promote crime prevention tactics. In addition, Siskiyou stated that it would attempt to enhance its local DARE program, which focuses on drug and alcohol awareness among children and pre-teens. Finally, Siskiyou planned to assign personnel to crime trend analysis in the detective unit for purposes of crime prevention.

In an effort to understand whether Siskiyou was on track or meeting grant goals we interviewed law enforcement officials and verified documentation such as activity logs and narratives. In our interview with deputies who were retained through federal funding, we learned that they maintained activity logs. In our assessment of the activity logs, we noted a deputy logging hours for the local DARE program that ran for a period of 3 months in three different elementary schools. The activity logs indicated that the deputies were attending neighborhood watch meetings. We interviewed a grant official and learned that due to fiscal distress Siskiyou was not able to assign grant-funded personnel to crime trend analysis. Based on the other activities performed as documented by the activity logs from 2009 to 2012, we concluded that Siskiyou is on track to meeting the community policing objective of the grant. However, as discussed in the supplanting section of this report, we found indications of supplanting which potentially impacted Siskiyou's ability to fully meet the second CHRP objective of creating and preserving law enforcement officer jobs.

Retention Plan

Special condition number 5 requires that CHRP grant recipients maintain CHRP deputy positions for a minimum of 12 months after the conclusion of the grant. We reviewed Siskiyou's FY 2013 budget projections and noted that the grant-funded deputies were included in those projections. Further, we discussed Siskiyou's plans for retaining the deputies after the grant period has ended and we did not note any exceptions relating to the grantee's ability to retain deputies for 12 months following the conclusion of the grant-funded period. As a result, we did not note any significant impairments to Siskiyou's ability to adhere to the CHRP grant retention requirement.

Post Grant End Date Activity

Based on our review of the grant award, the grant has reached its end date of June 30, 2012. However, we noted that COPS has extended the grant's end date from June 30, 2012, to September 30, 2012. As a result, even though the final FFR, Progress Report, and Recovery Act report were submitted to COPS on July 9, 2012, COPS stated that the grantee will have to submit a new final FFR and Progress Report due to the extension of the grant's end date. We also verified that there were no late drawdowns beyond the time period allowed by the Grant Owner's Manual.

Conclusion

We found that Siskiyou could not support the crime data it reported on its application. Based on a sensitivity analysis using COPS' CHRP award methodology we determined that the correct crime data would have prevented Siskiyou from obtaining the grant. In addition, we noted that the grant account in Siskiyou's accounting system did not accurately reflect grant program activities. We also found Siskiyou charged \$60,815 in excess of costs for entry-level positions, which violated CHRP rules. Also, some timecards for the grant-funded deputies were not properly authorized. We identified indications of supplanting for 19 months of the grant program. Further, grant-funded deputies working on Siskiyou contracts with four cities generated an estimated \$252,567 in program income, which Siskiyou did not appear to use to offset allowable grant expenditures. Finally, we found that Siskiyou did not base its FFRs on actual expenditures. As a result of these issues, we provide seven recommendations to COPS and question the \$615,156 CHRP grant.

Recommendations

We recommend that COPS:

1. Remedy \$615,156 in unallowable costs related to:
 - a. The \$615,156 grant awarded to Siskiyou based on significant inaccurate application data, which affected the suitability of the award.
 - b. Costs totaling \$60,815 charged to the grant in excess of Siskiyou's entry-level salary, which was a violation of program guidelines.

- c. Grant charges totaling \$252,449 that were incurred during months when Siskiyou's on-board law enforcement levels exhibited indications of supplanting.
2. Ensure that Siskiyou establishes procedures to verify that it submits accurate information for future DOJ grant applications.
3. Ensure that Siskiyou develops procedures to adequately account for future grant fund expenditures in accordance with 28 C.F.R. Part 66.
4. Ensure that Siskiyou establishes procedures to make certain that its employees' timecards are properly approved.
5. Ensure that Siskiyou establishes policies to account for future program income generated by federal grant-funded activities and that the resulting revenue is properly applied in accordance with applicable regulations.
6. Ensure that Siskiyou calculates the net allowable cost for its CHRP grant by determining the total allowable costs, verifying the total program income earned by its three grant-funded deputies, and subtracting the program income from total allowable costs. If net allowable costs are below the CHRP grant award of \$615,156, then Siskiyou may need to return the difference to COPS.
7. Ensure that Siskiyou bases its FFRs on actual expenditures rather than estimates or budgeted amounts.

APPENDIX I

OBJECTIVE, SCOPE, AND METHODOLOGY

The purpose of the audit was to determine whether costs claimed under the grant 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) application statistics, (2) internal control environment, (3) expenditures, (4) drawdowns, (5) budget management and control, (6) program income, (7) reporting, (8) additional award requirements, (9) program performance and accomplishments, (10) retention plan, and (11) post grant end date activity.

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 provided a reasonable basis for our findings and conclusions based on our audit objectives.

Unless otherwise specified, our audit covered, but was not limited to, activities that occurred between the start of CHRP grant 2009-RK-WX-0159 on July 1, 2009, through the start of our audit fieldwork on June 4, 2012. Further, we tested compliance with what we considered to be the most important conditions of the grant. Unless otherwise stated in our report, the criteria we audited against are contained in the Grant Owner's Manual and grant award documents.

We did not test internal controls for Siskiyou taken as a whole or specifically for the grant program administered by Siskiyou. An independent Certified Public Accountant conducted audits of Siskiyou's financial statements for years ending June 30, 2010, and June 30, 2011. 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 Siskiyou or the federal programs it was administering, and assessed the risks of those findings on our audit.

In conducting our audit, we performed sample-based testing in four areas: payroll and fringe benefit charges, Progress Reports, FFRs, and Recovery Act reports. In this effort, we employed a judgmental sampling

design to obtain broad exposure to numerous facets of the grant reviewed, such as unique payroll and fringe benefits adjustments throughout the year. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected.

In addition, we reviewed the timeliness and accuracy of FFRs, Progress Reports, and Recovery Act reports; and evaluated performance to grant objectives. However, we did not test the reliability of the County of Siskiyou's financial management system as a whole. Further, we reviewed internal controls described in the Internal Control Environment section of this report. We identified deficiencies in internal controls related to Siskiyou's procedures for its grant application process, financial management system, adherence to the non-supplanting agreement, timekeeping system, FFRs, and program income.

APPENDIX II

SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>PAGE</u>
UNALLOWABLE QUESTIONED COSTS¹⁶		
Inaccurate Application Data	\$ 615,156	6
Overstated Base Salary and Fringe Costs	60,815	11
Indications of Supplanting	252,449	17
Gross Questioned Costs¹⁷	\$ 928,420	
Less: Duplication	<u>(\$ 313,264)</u>	
NET QUESTIONED COSTS	\$ 615,156	

¹⁶ **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements, or are not supported by adequate documentation at the time of the audit, or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

¹⁷ Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amount.

THE SISKIYOU COUNTY SHERIFF'S DEPARTMENT
RESPONSE TO THE DRAFT AUDIT REPORT

Siskiyou County



Sheriff's Department

JON LOPEY
Sheriff

July 2, 2013

Via E-Mail and U.S. Mail: david.j.gaschke@usdoj.gov
melonie.shine@usdoj.gov

David J. Gaschke
Regional Audit Manager
San Francisco Regional Audit Office
U. S. Department of Justice
1200 Bayhill Drive, Suite #201
San Bruno, CA 94066

Subject: Siskiyou County Response to OIG Grant Audit Findings
RE: CHRP #2009RKWX0159

Dear Mr. Gaschke,

Siskiyou County respectfully disagrees with majority of the grant findings as issued by the Office of the Inspector General, (OIG) in its draft audit report dated June 11, 2013.

In 2008/2009, the Siskiyou County Sheriff's Office (SCSO) management comprised of former Sheriff and Undersheriff along with administrative support staff prepared their grant application for this grant in a short period of time. As you may recall, during that particular time period, the Obama Administration and congress adopted a stimulus package and local governments such as Siskiyou County were developing grant applications to submit for consideration by federal officials. Certainly there is no excuse for inaccurate statistics or omissions; however, the submission of our grant application, while done expeditiously due to time and resource constraints, was done to the best of the ability of those employees of the department previously employed here and there was absolutely no effort whatsoever to mislead or gain an unfair competitive advantage. In substance, the individual and collective statistics validated a serious crime problem in Siskiyou County and I feel generally met the stringent requirements of the grant. (Refer to Attachment "A")

After a thorough review of the OIG Grant Audit Findings, I am convinced that any material or statistical facts submitted to the Office of Community Oriented Policing Services was done so with reasonable diligence and no intent on the part of this Department was initiated or condoned to deliberately misrepresent any information submitted in the grant application. I firmly believe that the intent of the Community Oriented Policing Services (COPS) Hiring Recovery Program (CHRP) grant, met the criteria specified in the grant:

- The grant preserved and created jobs and promoted economic recovery (3 deputy positions).
- The grant assisted those impacted the most by the recession (laid-off deputies and crime victims).
- The grant increased economic efficiency and technological advances through community oriented policing and retention of trained personnel capable of using various departmental technological

programs (e.g., computer reporting system, computer aided dispatch, audio-visual devices, radar, weapons, and use of force tools, such as Tasers, etc.).

- The retention of the three deputies contributed to infrastructure and long-term economic benefits through salary, enforcement, community oriented policing, and special programs.
- The grant helped to stabilize the SCSO fiscal budget and helped to minimize reductions in essential crime prevention and response services.
- Most importantly, the grant promoted the retention of peace officers needed by the citizens of Siskiyou County.

Recommendation I(a): Application Statistics / Inaccurate Application Data County: Do Not Concur

“The \$615,156 grant awarded to Siskiyou based on significant inaccurate application data, which affected the suitability of the award.” (1{a})

The OIG Audit Findings revealed that the Siskiyou County Sheriff’s Office provided inaccurate data on its application.

The County of Siskiyou has not had the opportunity to review and comment as to the methodology used by COPS to score and rank each applicant based on the key data submitted by the applicant. Furthermore, Siskiyou officials have not been privy to the scoring and ranking numbers of other applicants to determine what effect, if any, the discrepancies would have made in creating an unfair competitive advantage among applicants, including Siskiyou County.

It appears from our analysis that the Siskiyou CHRP application does indeed include some inaccurate data; however, it is uncertain as to how those discrepancies would produce the outcome as specified in the OIG findings. It is also our opinion that the discrepancies do not rise to the level of the OIG recommendation in remitting back to COPS the entire grant award. The County of Siskiyou hereby respectfully requests submission of the COPS methodology, scoring and ranking to a third party (mediator) for review and opinion.

Recommendation I(b): Expenditures County: Do Not Concur

“Costs totaling \$60,815 charged to the grant in excess of Siskiyou’s entry level salary, which was a violation of program guidelines.” (1{b})

The OIG stated that Siskiyou County Sheriff’s Office “did not include the entry-level salary amount for its grant-funded deputies and the corresponding fringe benefits in its application.” The OIG is questioning the costs totaling \$60,815.

As mentioned in our initial response memorandum, SCSO did not hire entry level personnel with the funds of this grant. SCSO retained three (3) deputies who would have been laid-off had this CHRP grant not been received. The OIG auditors properly concluded that the SCSO staff did not ask for a waiver for this requirement; however, the fact remains that the deputy sheriff II classification was the only entry level used by the Sheriff’s Office at that time. Due to personnel turn-over and related turbulence, it was not feasible to hire entry-level personnel in a timely fashion. The Department could not afford to send newly-hired, non-POST certified personnel to a POST Academy due to salary, training, travel, and subsistence costs.

Although SCSO failed to request a waiver, this salary step was submitted in good faith and was not questioned at the time the COPS grant was submitted. There is also an indication in the COPS policy that a waiver may have been granted had it been requested by SCSO. This discrepancy, while accurate when reading the grant criteria, is unreasonable based on the hiring practices of the Department at the time the grant was submitted. Any oversight lapse related to this detail was inadvertent and reflected the reality of the application period.

Recommendation 1(c): Program Income: County – Do Not Concur

“Grant charges totaling \$252,449 that was incurred during months when Siskiyou’s on-board law enforcement levels exhibited indications of supplanting.” (1{c})

The OIG stated that the Siskiyou County Sheriff’s Office failed to report to COPS earned income, based on the premise that the department received income from the deputies assigned to this grant from other law enforcement contracts for the amount of \$252,449.

Siskiyou County disputes this finding. Whereas SCSO has law enforcement contracts, and some of the deputies in this grant contributed a portion of the hours attributed to the billing in these contracts, it is our belief that these hours were inconsequential, as the contracts stipulate a threshold of hours required to meet the contract obligations, and if we subtracted the hours attributed by the deputies assigned to this grant from the total hours billed, we would have received the fixed contract amount from almost all of the contract cities.

The Siskiyou County Sheriff’s Office contracted for a total of 18,450 hours for the fiscal year 2009/2010 but we actually worked 22,489 hours. The deputies assigned to this grant contributed 2,068.5 hours of the total hours worked. If you subtract their 2068.5 hours from the 22,489 hours worked, we still have well over the contract hours required under our contracts:

(2009/2010)	TOTAL HOURS WORKED	22,489.0
	COPS DEPUTIES HOURS	<u>-2,068.5</u>
	SUB-TOTAL	20,320.5
	TOTAL HOURS CONTRACTED:	18,450

During the fiscal year of 2010/2011, the Siskiyou County Sheriff’s Office contracted for a total of 15,600 hours but we actually worked 20,008 hours. The deputies assigned to this grant contributed 2,596.5 hours of the total hours worked. If you subtract their 2596.5 hours from the 20,008 hours worked, we still have well over the contract hours required under our contracts:

(2010/2011)	TOTAL HOURS WORKED	20,008.0
	COPS DEPUTIES HOURS	<u>-2,596.5</u>
	SUB-TOTAL	17,411.5
	TOTAL HOURS CONTRACTED:	15,600

During the fiscal year of 2011/2012, the Siskiyou County Sheriff’s Office contracted for a total of 15,600 hours again but we actually worked 18,023 hours. The deputies assigned to this grant contributed 1,514.5 hours of the total hours worked. If you subtract their 1,514.5 hours from the 18,023 hours worked, we still have well over the contract hours required under our contracts:

(2011/2012)	TOTAL HOURS WORKED	18,023.0
	COPS DEPUTIES HOURS	<u>-2,596.5</u>
	SUB-TOTAL	17,411.5
	TOTAL HOURS CONTRACTED:	15,600

Recommendation 1(c): Supplanting County – Do Not Concur

“Grant charges totaling \$252,449 that was incurred during months when Siskiyou’s on-board law administration levels exhibited indications of supplanting.” (1{c})

The OIG stated “our analysis revealed that Siskiyou was one to eight positions below the baseline from January 2010 to June 2011 and May 2012 (a total of 19 months)” Additionally, the OIG claims we did not provide adequate documentation to support the number of sworn law enforcement positions that were cut or would have been cut by budgetary reductions.

Siskiyou County disputes this finding. There was a surge of vacant positions created by unanticipated personnel vacancies. For example, between October 2009 and October 2012, the Department lost approximately 20 sworn personnel. It is not uncommon to spend up to six to eight months to recruit, test, and hire (includes written tests, oral board, physical agility test, background investigation, physical examination, polygraph test {provisional} and other screening criteria). The large number of personnel leaving at the time adversely impacted the Department’s ability to hire enough personnel to maintain staffing levels during various times during the CRRP grant period. The department was also impacted by departures of personnel due to Global War on Terrorism military leave and those seeking overseas contractor jobs (Attachment B).

SCSO had three sworn personnel medically retire from October 2009 to 2011, one unexpectedly died in April 2011, three retired between the period of June 2010 to February 2011, and five resigned during the period January 2010 to October 2012. Due to fiscal shortages in Siskiyou County’s budget, the County laid-off 6 sworn positions in July 2010. All but one of these personnel was hired back by November 2010. (Refer to the attached – Attachment B). The reduction of personnel over the last approximately five years has resulted in a 30+% reduction in sworn personnel. At the same time, Siskiyou County has some of the highest child abuse, domestic abuse, alcohol abuse, drug abuse, and elder abuse rates in the state (Attachment A). For example, nearly 30% of Siskiyou County children live in poverty and child abuse rates are three-times the state average (31.7% per 1,000 rate compared to state average of 9 per 1,000) (Attachment A). According to a “Siskiyou County A Snapshot in Time 2010” (www.klamath.org/education/siskiyoudemographics.php), due to the declining timber, mining and ranching industries, Siskiyou County has higher rates for all violent crime (aggravated assaults, forcible rape and robbery) when compared to Los Angeles County. 11% of seniors aged 60 and over have been abused and alcohol and drug rates are at epidemic proportions (Attachment C). Youth 10 to 17 years of age account for 13% of arrests for drug-related violations of law.

According to the 2012 Siskiyou County Wide Interagency Drug Task Force (SCINTF) report, methamphetamine has again emerged as the prevalent illicit drug in Siskiyou County, comprising 51.1% of the task force’s arrests. Marijuana cultivation, drug cartels and re-emergence of heroin are major problems for SCSO and other agencies. Cocaine, psilocybin, prescription drugs, hashish, and LSD were also seized. Methamphetamine seizures during 2011 exceeded 2010 figures (4458 grams vs. 5,909 grams, for 2011).

Marijuana seizures increased from 324.76 grams in 2010 to 215,809.97 grams during 2011. Interstate 5 and US HWY 97 are also well known drug trafficking corridors which supplies all major northwest cities with illicit drugs, primarily smuggled from Mexico and Central America. (Attachment C). The reason these statistics are important is because during my 35+ years of law enforcement experience, it is my belief that crime has never been worse and illicit drugs are creating, directly or indirectly, about 70% of the crime incidents investigated by SCSO. Without the CHRP grant, DARE (prevention) and proactive enforcement (SCINTF and "other" enforcement) would not have been near as feasible.

Secondarily, the County also operated under the premise that other personnel not assigned to this grant contributed to the grant's program objectives and these services were in-kind, and in fact exceeded the number of hours they attributed to any other law enforcement contracts the department billed for; therefore there was no supplanting of federal funds and grant objectives were not only achieved, but exceeded qualitatively and quantitatively. (Refer to Attachment D).

Recommendation 2: Submitting Accurate Information: County: Concur

"Ensure that Siskiyou establishes procedures to verify that it submits accurate information for future DOJ grant applications." (2)

The OIG wants Siskiyou County to establish procedures to verify that it submits accurate information for future grants.

The Siskiyou County Sheriff's Office has implemented a review process that will ensure that the future data submitted for federal or state grants are completed accurately and reviewed at multiple levels. For example, the department's budget is now reviewed after each two-week pay period and executive officers (Sheriff and Undersheriff) of the department and fiscal officer regularly review progress on all existing grants.

Recommendation 3: Developing Adequate Accounting County - Concur

"Ensure that Siskiyou develops procedures to adequately account for future grant fund expenditures in accordance with 28 C.F.R. Part 66." (3)

The OIG wants Siskiyou County to ensure we develop procedures to adequately account for future grant fund expenditures in accordance with 28 C.F.R. Part 66.

The Siskiyou County Sheriff's Office has developed a process to ensure that grant fund expenditures are accurately accounted for pursuant to the requirements contained in 28 C.F.R. Part 66.

Recommendation 4: Timesheet Approvals County - Concur

"Ensure that Siskiyou establishes procedures to make certain that its employees' timecards are properly approved." (4)

The OIG stated that they found a significant deficiency in our department's timesheet approval. Specifically, that the department is too large for one department head to have personal knowledge of

work each employee is performing. The OIG also found a material weakness as supervisors were not approving their employee timesheets.

The Siskiyou County Sheriff's Office has adopted a procedure to have timesheets approved at three distinctive levels – the employee, the employee's supervisor, and a department manager. This procedure has built in more accountability and control. The OIG audit indicates that the Progress Reports (p. 20), Recovery Act Reports (p. 21), Additional Award Requirements (p. 22), and Program Performance Accomplishments (p. 22 – 23), and Retention Plan (p. 23), and Post End Date Activity (p. 24) met or exceeded CHRP requirements, which indicated that while internal controls were inconsistent during some periods of the grant, the requirements for public safety and community oriented policing were met and the intent of the grant largely fulfilled.

It appears that although the SCSO staff cannot prove that all timesheets were approved, these timesheets were retroactively reviewed and approved. Although SCSO had a major turn-over in executive management, most of the supervisors and mid-level managers involved in the field operation supported by the CHRP grant were still employed by the Department, and these leaders validated the timesheets and aforementioned accuracy of the reports summarized in the OIG document.

Recommendation 5: Program Income Accounting: County – Do Not Concur

“The OIG wants Siskiyou County to establish policies to account for future program income generated by federal grant-funded activities and that the resulting revenue is properly applied in accordance with applicable regulations.” (5)

The Siskiyou County Sheriff' Office has reasonably determined that supplanting did not take place during the duration of this grant in our designated contract cities. This is verified the fact that the department exceeded the hours required pursuant to the respective contracts. This essentially refutes the findings that there was a supplanting fund discrepancy. The department agrees that in the future, if possible, specific personnel assigned to grant community oriented policing positions should be more closely tracked and that program funding be separately and definitively tracked and tabulated on a regular basis. Currently, the department has implemented a plan to review each program fund site or line item every two-week pay period which should provide a clear and definitive fiscal trail and supporting documentation.

It should be added that the audit indicated that the department generally met or exceeded the CHRP grant requirements and a high-level of safety, service and community oriented policing were provided to the citizens of Siskiyou County. Although at first glance it appeared the department supplanted grant funds and program income, this was not the case because of the excessive hours allocated to the contract cities during the grant reporting period.

Recommendation 6: Net Allowable Cost: County – Do not Concur

“The OIG want Siskiyou County to ensure that we calculate the net allowable cost for its CHPR grant by determining the total allowable costs, verifying the total program income earned by its three grant-funded deputies, and subtracting the program income from the allowable costs. If net allowable costs are below the CHRP grant award of \$615,156 then we (Siskiyou) may need to return the difference to COPS.” (6)

The department calculated the difference between the grant funding and program income and the excessive hours allocated to the contract cities indicate that funds were not supplanted and the cities received an excess number of hours which, when subtracted from the program income, does not indicate any supplanting of funds. Specific hours and statistical data are contained in paragraphs on pages 2 thru 6 above.

Siskiyou County responded to this recommendation in 1(b) and in recommendation 1(c).

Recommendation 7: Funds for Reimbursement: County - Concur

The OIG wants Siskiyou County to base future funds for reimbursement on actual expenditures rather than estimates or budgeted amounts.

The Siskiyou County Sheriff's Office has established a new policy which will require specific expenditures be developed and tracked each pay period in lieu of program estimates which may not reflect accurate expenditures in support of or against the department. Accounting of fiscal funds will be closely monitored and separate calculations compiled on a regular basis to preclude a recurrence of the less than totally accurate process used by the department's fiscal officer.

Conclusion:

Siskiyou County recognizes that there were some documentation and accountability miscues associated with the CHRP grant application and there were some problems with the Department's management of the grant statistical data; however, some data such as the motor vehicle thefts and larceny when combined closely align to the true crime problem in Siskiyou County at the time of the application and the overall application supported rates of violent crime, equal to most jurisdictions we have surveyed. The poverty statistic and rates of violent crime, child abuse, domestic abuse, elder abuse, and alcohol and drug usage rates are also compelling when you consider that Siskiyou County has some of the most alarming and troubling statistical totals in the entire State of California.

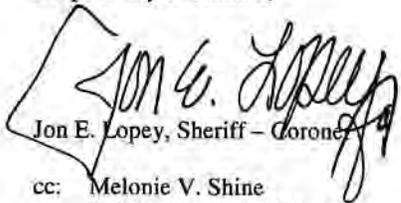
The Siskiyou County Sheriff's Office has lost approximately 30% of its personnel (sworn and unsworn) in recent years and last year suffered one of the highest homicide rates in our history. Siskiyou County also has one of the largest counties geographically in the state and our communities are economically depressed and crime in many categories, especially related to illicit drugs and alcohol use, is rising at alarming rates.

We respectfully ask that the COPS staff consider the information contained in this report and to the extent possible, relieve Siskiyou County of any liability associated with this grant. There is ample evidence to support the premise that the major objectives of the grant were met by Siskiyou County and the department provided a high level of safety and service to the citizens we serve with the help of this grant. This included prevention and crime response strategies which worked with the help of the COPS grant. Any penalty assessed to the county would be devastating and would adversely impact public safety now and for years to come.

Thank you for your consideration of our input and analysis of the OIG report.

Should you have any questions, please contact me or Undersheriff John Villani, at (530) 842-8300.

Respectfully Submitted,



Jon E. Lopey, Sheriff - Coronado

cc: Melonie V. Shine
U.S. Department Of Justice
Office of Community Oriented Policing Services
Grant Operation Directorate/Grant Monitoring Division
145 N Street, N.E.
Washington, DC 20530

OFFICE OF COMMUNITY ORIENTED POLICING SERVICES' RESPONSE TO THE DRAFT AUDIT REPORT



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

COPS

MEMORANDUM

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

From: Melonie V. Shine 
Management Analyst

Date: July 11, 2013

Subject: Response to the Draft Audit Report for Siskiyou County, California

This memorandum is in response to your June 11, 2013 draft audit report on the COPS CHRP Grant #2009RKWX0159, awarded to Siskiyou County Sheriff's Department (Siskiyou). For ease of review, each audit recommendation is stated in bold and underlined, followed by a response from COPS concerning the recommendation.

Recommendation 1 - Remedy \$615,156 in unallowable costs related to:

- a. **The \$615,156 grant awarded to Siskiyou based on significant inaccurate application data, which affected the suitability of the award.**

COPS concurs that grantees should submit accurate application data.

- b. **Costs totaling \$60,815 charged to the grant in excess of Siskiyou's entry level salary, which was a violation of program guidelines.**

COPS concurs that grantees should only charge entry level salary to the grant.

- c. **Grant charges totaling \$252,449 that were incurred during months when Siskiyou's on-board law enforcement levels exhibited indications of supplanting.**

COPS concurs that grantees should not supplant locally-funded officer positions with grant-funded positions.

Planned Action

COPS will request the supporting documentation that Siskiyou provided to the OIG auditors to assess the potential impact of the inaccurate application data. COPS will attempt to use the accurate data to re-score the applications and determine if Siskiyou would have received

David J. Gaschke
San Francisco Regional Audit Manager
Office of the Inspector General
July 11, 2013
Page 2

an award. COPS will request documentation from Siskiyou concerning the costs charged to the grant in excess of entry-level salary. COPS will review Siskiyou's staffing levels to determine if supplanting occurred.

COPS will work with Siskiyou to remedy any grant funds that must be repaid due to the issues above.

Request

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

Recommendation 2 - Ensure that Siskiyou establishes procedures to verify that it submits accurate information for future DOJ grant applications.

COPS concurs that grantees should submit accurate information for DOJ grant applications.

Planned Action

COPS will review the procedures that Siskiyou established to ensure that accurate information is submitted for future DOJ grant applications.

Request

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

Recommendation 3 - Ensure that Siskiyou develops procedures to adequately account for future grant fund expenditures in accordance with 28 C.F.R. Part 66.

COPS concurs that grantees should adequately account for grant expenditures in accordance with 28 C.F.R. Part 66.

Planned Action

COPS will review the procedures that Siskiyou developed to ensure that grant fund expenditures are in accordance with 28 C.F.R. Part 66.

Request

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

David J. Gaschke
San Francisco Regional Audit Manager
Office of the Inspector General
July 11, 2013
Page 3

Recommendation 4 - Ensure that Siskiyou establishes procedures to make certain that its employees' timecards are properly approved.

COPS concurs that grantees should ensure that employees' timecards are properly approved.

Planned Action

COPS will review the procedures that Siskiyou developed to ensure that employees' timecards are properly approved.

Request

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

Recommendation 5 - Ensure that Siskiyou establishes policies to account for future program income generated by federal grant-funded activities and that the resulting revenue is properly applied in accordance with applicable regulations.

COPS concurs that grantees should properly track and report program income generated by grant-funded activities.

Planned Action

COPS will review the policy that Siskiyou established to track and report future program income generated by federal grant-funded activities.

Request

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

Recommendation 6 - Ensure that Siskiyou calculates the net allowable cost for its CHRP grant by determining the total allowable costs, verifying the total program income earned by its three grant-funded deputies, and subtracting the program income from total allowable costs. If net allowable costs are below the CHRP grant award of \$615,156, then Siskiyou may need to return the difference to COPS.

COPS concurs that grantees should receive net allowable costs as a result of program income received due to grant-funded activities.

Planned Action

COPS will request that Siskiyou calculate and support the net allowable cost for the CHRP grant based on the program income received for the three grant-funded positions.

David J. Gaschke
San Francisco Regional Audit Manager
Office of the Inspector General
July 11, 2013
Page 4

COPS will work with Siskiyou to remedy any grant funds that must be repaid due to the issue above.

Request

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

Recommendation 7 - Ensure that Siskiyou bases its FFRs on actual expenditures rather than estimates or budgeted amounts.

COPS concurs that grantees should base the FFRs on actual expenditures.

Planned Action

COPS will review the policy that Siskiyou established to ensure that FFRs are based on actual expenditures instead of estimates or budgeted amounts.

Request

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

COPS considers Recommendations 1 through 7 resolved, based on the planned actions shown above. In addition, COPS requests written acceptance of the determination from your office.

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

cc: Louise M. Duhamel, Ph.D. (copy provided electronically)
Justice Management Division

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

George Gibmeyer (copy provided electronically)
Grant Monitoring Division

Tom Odom
Siskiyou County Board of Supervisors

David J. Gaschke
San Francisco Regional Audit Manager
Office of the Inspector General
July 11, 2013
Page 5

Jon E. Lopey
Siskiyou County Sheriff's Department

Grant File: CHRP #2009RKWX0159

Audit File

ORI: CA04700

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

The OIG provided a draft of this audit report to Siskiyou and OJP. Siskiyou's and OJP's responses are incorporated in appendices III and IV of this report, respectively. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendation Number:

- 1. Resolved.** COPS concurred with our recommendation to remedy \$615,156 in unallowable costs related to inaccurate application data, personnel costs that exceeded the allowable entry-level rate, and indications of supplanting. In its response, COPS stated that it will request the supporting documentation that Siskiyou provided to us to assess the potential impact of the inaccurate application data. COPS will attempt to use the accurate data to re-score the applications and determine if Siskiyou would have received an award. Also, COPS stated that it will request documentation from Siskiyou concerning the costs charged to the grant in excess of entry-level salary. It will also review Siskiyou's staffing levels to determine if supplanting occurred. Finally, COPS will work with Siskiyou to remedy any grant funds that must be repaid due to the issues relating to this recommendation.

Siskiyou in its response did not concur with recommendations 1a, 1b, and 1c. We address Siskiyou's response to these recommendations as follows:

- 1a.** In its response, Siskiyou acknowledged that its application data was inaccurate, but stated that there was no effort to mislead or gain an unfair competitive advantage. In our report, we make no mention of an intent on the part of Siskiyou to mislead. Instead, we discuss in our report that we identified inaccurate statistics that Siskiyou submitted to COPS, which resulted in a grant being awarded to Siskiyou.

Siskiyou further stated that ". . . it is uncertain as to how those discrepancies would produce the outcome as specified in the OIG findings." Siskiyou also requested that COPS' methodology, scoring, and ranking be provided to a third party (mediator) for

review and opinion. Since COPS determined the award methodology and is responsible for closing the audit recommendation, requests regarding that methodology should be addressed to COPS.

Siskiyou also stated that “. . . it is [Siskiyou’s] opinion that the discrepancies do not rise to the level of the OIG recommendation in remitting back to COPS the entire grant award.” Our audit report questioned the grant on the basis of Siskiyou’s inaccurate data, which was significant enough to affect the suitability of the award. COPS may remedy those costs in a variety of ways, including additional documentation, recovery of funds, offset, or other remedies. This recommendation can be closed once we determine that COPS has adequately remedied the \$615,156 in grant funds awarded based on inaccurate application data, which affected the suitability of the award.

- 1b. In its response to recommendation 1b, Siskiyou stated that it “. . . did not hire entry level personnel with the funds of this grant.” Furthermore, it stated: “[t]he OIG auditors properly concluded that the Siskiyou County Sheriff’s Department staff did not ask for a waiver for this requirement; however, the fact remains that the deputy sheriff II classification was the only entry level used by the Sheriff’s Office at that time.” As a matter of clarification, our report addresses only Siskiyou’s adherence to the terms and conditions of the grant – those terms and conditions that Siskiyou agreed to comply with when it accepted the grant award. Those same terms and conditions included a requirement that costs above entry-level officer salaries not be charged to the grant. This recommendation can be closed once we determine that COPS has adequately remedied the \$60,815 in questioned costs charged to the grant in excess of Siskiyou officers’ entry-level salaries.
- 1c. In its response, Siskiyou stated that it disputes this finding regarding indications of supplanting.¹⁸ Specifically, it stated that it experienced an unanticipated surge in personnel vacancies, estimating that it lost approximately 20 employees between October 2009 and October 2012. It also cited delays in filling those

¹⁸ In its response to recommendation 1c., Siskiyou included a discussion of contracts related to providing law enforcement services to several cities. However, that information relates to recommendation number 6 involving program income. Therefore we address that information in our analysis of that recommendation. This recommendation is based on indications of supplanting, which is addressed here.

vacancies due to the time it required to recruit and test the candidates. Siskiyou in its response stated: “[t]he large number of personnel leaving at the time adversely impacted the Department’s ability to hire enough personnel to maintain staffing levels during various times during the CHRP grant period.” However, as we note in our audit report, we incorporated into our analysis a 5 percent vacancy rate, or approximately 3 positions, for normal personnel turnover. Further, we verified that this was an appropriate rate based on information Siskiyou provided which indicated that it experienced an average vacancy rate of 5 percent before receiving the grant. In consideration of the non-supplanting agreement Siskiyou agreed to when it accepted the grant award from COPS, we consider vacancies in excess of the target level shown in Exhibit 4 as indications of supplanting.

Siskiyou also estimated that the reduction in personnel over the last 5 years resulted in the departure of over 30 percent of its sworn personnel. Siskiyou also cited budget shortfalls for some of its reductions, stating that “[d]ue to fiscal shortages in Siskiyou County’s budget, the County laid-off 6 sworn positions in July 2010. All but one of these personnel was hired back by November 2010.” As we discuss in our report, from FY 2010 to FY 2012 Siskiyou’s Board of Supervisors discussed budgetary reductions. We asked Siskiyou officials to provide us with evidence of how many sworn law enforcement positions would have been affected by the budgetary reductions. We were not provided with adequate documentation to support the number of sworn law enforcement positions that would have been adversely affected by the budgetary reductions. Even though Siskiyou stated in its response that budget cuts translated into the elimination of six sworn law enforcement positions, the latest evidence we were provided in March 2013 indicated that the adjusted budget for personnel should have been sufficient to cover the Siskiyou County Sheriff Department’s personnel expenses in FY 2010. Siskiyou’s response contradicts this evidence and Siskiyou did not provide adequate documentation in its response to support the claim that six sworn positions were reduced because of budget reductions. Further, our supplanting analysis target rate excluded two to four positions marked “frozen” on Siskiyou’s budget projections, as well as three positions for the 5 percent allowance. We did not receive evidence from Siskiyou that additional positions were frozen. As a result, it was clear to us that the positions that fell below the target exceeded the positions Siskiyou identified as layoffs.

In addition, Siskiyou stated in its response that “the County . . . operated under the premise that other personnel not assigned to this grant contributed to the grant’s program objectives and these services were in-kind, and in fact exceeded the number of hours they attributed to any other law enforcement contracts the department billed for; therefore there was no supplanting of federal funds and grant objectives were not only achieved, but exceeded qualitatively and quantitatively.” We were not provided documentation to support the aforementioned efforts made by Siskiyou for the in-kind services. Even if Siskiyou had provided evidence of in-kind services, the fact would not change that the discrepancy between the number of sworn officers funded by the local budget and the total number of officers that were on-board during the grant period.

This recommendation can be closed once we determine that COPS has adequately remedied the \$252,449 in question costs for charges incurred during months when Siskiyou’s on-board law enforcement levels exhibited indications of supplanting.

2. **Resolved.** COPS and Siskiyou concurred with our recommendation to ensure that Siskiyou establishes procedures to verify that it submits accurate information for future DOJ grant applications. Siskiyou stated that it has implemented a review process that will ensure that future data submitted for federal or state grants are completed accurately and reviewed at multiple levels. COPS stated that it will review those procedures to ensure that Siskiyou submits accurate information for future DOJ grant applications.

This recommendation can be closed once we receive those procedures and determine that COPS has ensured that Siskiyou has established procedures to verify that it submits accurate information for future DOJ grant applications.

3. **Resolved.** COPS and Siskiyou concurred with our recommendation to ensure that Siskiyou develops procedures to adequately account for future grant funds expenditures in accordance with 28 C.F.R. Part 66. Siskiyou stated that it has developed a process to ensure that grant fund expenditures are accurately accounted for pursuant to the requirements contained in 28 C.F.R. Part 66. COPS stated that it will review the procedures that Siskiyou developed to ensure that grant fund expenditures are in accordance with 28 C.F.R. Part 66.

This recommendation can be closed once we receive those procedures and determine that COPS has ensured that Siskiyou has developed procedures to adequately account for future grant fund expenditures in accordance with 28 C.P.R. Part 66.

4. **Resolved.** COPS and Siskiyou concurred with our recommendation to ensure that Siskiyou establishes procedures to make certain that its employees' timecards are properly approved. Siskiyou stated that it has adopted a procedure to have timesheets approved at three distinctive levels – the employee, employee's supervisor, and a department manager. COPS stated that it will review the procedures that Siskiyou developed to ensure that employees' timecards are properly approved.

However, Siskiyou also stated that “[t]he OIG audit indicates that the Progress Reports, Recovery Act Reports, Additional Award Requirements, and Program Performance Accomplishments, and Retention Plan, and Post End Date Activity met or exceeded CHRP requirements....” Our report does not state that Siskiyou met or exceeded those requirements. For example, in the Additional Award Requirements section of our report, we indicate that deficiencies occurred as reported in the other sections of the report. With regard to Siskiyou’s program performance and accomplishments, our report discloses that while Siskiyou was on track to meeting the community policing objective of the grant, we found indications of supplanting which potentially impacted Siskiyou’s ability to fully meet the second CHRP objective of creating and preserving law enforcement officer jobs.

This recommendation can be closed once we receive Siskiyou’s procedures and determine that COPS has ensured that Siskiyou has established procedures to make certain that its employees' timecards are properly approved.

5. **Resolved.** COPS concurred with our recommendation to ensure that Siskiyou establishes policies to account for future program income generated by federal grant-funded activities and that the resulting revenue is properly applied in accordance with applicable regulations. While Siskiyou stated that it did not concur with our recommendation, it also indicated in its response that it plans to implement procedures that may address the recommendation. Specifically, Siskiyou stated that it has implemented a plan to review each program fund site or line item every 2-week pay period which should provide a clear and definitive fiscal trail and supporting documentation. Although Siskiyou stated that it did not concur with our recommendation, its planned corrective action addresses the intent of the recommendation. COPS stated that it will

review the policy that Siskiyou established to track and report future program income generated by federal grant-funded activities.

Siskiyou also stated that: “[t]he Siskiyou County Sheriff’s Office has reasonably determined that supplanting did not take place during the duration of this grant in our designated contract cities.” The basis for our recommendation was the finding that program income was generated as a result of the law enforcement services provided by Siskiyou’s grant-funded deputies under a contractual basis to four cities. This recommendation does not relate to the non-supplanting requirement, which is discussed in our analysis for recommendation 1c.

Siskiyou also stated that it exceeded the contract hours specified on the contracts, which it indicated should address the finding on which our recommendation was based. However, our finding was not based on the number of hours worked in comparison to what was agreed to the contract. Rather, our finding was based on the fact that the grant-funded officers worked on the contracts with other cities and generated revenue for Siskiyou while having their salaries charged to the grant we audited. As discussed in the report, because Siskiyou did not track program income, we could not determine how much revenue was actually generated by the grant-funded officers. Therefore, we provide this recommendation to ensure future program income is tracked and accounted for in accordance with grant terms and conditions.

This recommendation can be closed once we receive Siskiyou’s policies and determine that COPS has ensured that Siskiyou established procedures to account for future program income generated by federal grant-funded activities and that the resulting revenue is properly applied in accordance with applicable regulations.

6. **Resolved.** COPS concurred with our recommendation to ensure that Siskiyou calculates the net allowable cost for its CHRP grant by determining the total allowable costs, verifying the total program income earned by its three grant-funded deputies, and subtracting the program income from total allowable costs. Our recommendation also stated that if net allowable costs are below the CHRP grant of \$615,156, then Siskiyou may need to return the difference to COPS. COPS stated in its response that it will request that Siskiyou calculate and support the net allowable cost for the CHRP grant based on the program income received for the three grant-funded positions.

While Siskiyou stated that it did not concur with our recommendation to calculate program income, it also indicated in its response that it

performed a calculation of “the difference between the grant funding and program income and the excessive hours allocated to the contract cities indicate that funds were not supplanted and the cities received an excess number of hours which, when subtracted from the program income, does not indicate any supplanting of funds.” While we note that this recommendation relates to program income and not supplanting, we reviewed Siskiyou’s calculations and determined they do not appear to accurately address the program income generated by grant-funded officers. Specifically, Siskiyou provided these calculations in its response to recommendation 1c in which it indicated that total hours required for the contract would have been fulfilled after deducting the hours worked on the contracts by grant-funded deputies. However, this method assumes that the contract hours worked by the deputies were “free,” or did not generate revenue from the contract cities. During our audit, we requested but were not provided any evidence that hours worked by the grant-funded officers were free. Based on the contract and amounts provided for each contract, it appeared that the grant-funded officers generated revenue. As we discuss in our report, because Siskiyou did not track program income we could not identify how much revenue was generated.

As a result, we believe Siskiyou should perform a reasonable and accurate analysis of how much program income was generated by the grant-funded officers in consideration of the amount of revenue it received for the specific hours worked by the officers in the contract cities while they were being funded by the grant. That amount should be compared to the net allowable costs for the deputies to identify the difference, as described in the regulations governing the grant. If net allowable costs are below the CHRP grant award of \$615,156, then Siskiyou may need to return the difference to COPS.

This recommendation can be closed once we receive Siskiyou’s accurate calculations of program income and determine that COPS has ensured that Siskiyou has calculated the net allowable cost for its CHRP grant by determining the total allowable costs, verifying the total program income earned by its three grant-funded deputies, and subtracting the program income from total allowable costs. If net allowable costs are below the CHRP grant award of \$615,156, then Siskiyou may need to return the difference to COPS.

- 7. Resolved.** COPS and Siskiyou concurred with our recommendation to ensure that Siskiyou bases its FFRs on actual expenditures rather than estimates or budgeted amounts. Siskiyou stated that it has established a new policy which will require specific expenditures be developed and

tracked each pay period in lieu of program estimates. In addition, Siskiyou stated that the accounting of fiscal funds will be closely monitored and separate calculations compiled on a regular basis. COPS stated that it will review the policy that Siskiyou established to ensure that FFRs are based on actual expenditures instead of estimates or budgeted amounts.

This recommendation can be closed once we receive Siskiyou's policy and determine that COPS has ensured that Siskiyou bases its FFRs on actual expenditures rather than estimates or budgeted amounts.