



**AUDIT OF THE OFFICE OF COMMUNITY
ORIENTED POLICING SERVICES
HIRING RECOVERY PROGRAM GRANT ADMINISTERED
BY THE LOWELL POLICE DEPARTMENT
LOWELL, MASSACHUSETTS**

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

Audit Report GR-70-12-008
September 2012

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LOWELL, MASSACHUSETTS**

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-0400, awarded to the Lowell Police Department (Lowell), Lowell, Massachusetts. This grant provided \$2,084,736 in funding to Lowell to avoid the pending layoff of 12 sworn officers.

The objective of our audit was to determine whether costs claimed under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the grant. We also assessed Lowell's program performance in meeting grant objectives and overall accomplishments.

We found inaccuracies in the information Lowell submitted to COPS in its grant application. To select CHRP grantees, COPS developed a methodology that scored and ranked each applicant based on key data submitted by the applicant. While COPS performed some limited data validity checks, COPS relied heavily on the accuracy of the data submitted by grant applicants. As a result, we reviewed the application statistics Lowell submitted and found inaccuracies in the amounts for locally generated revenue for fiscal years (FY) 2007 and 2008, the general fund balance for FY 2009, and the local area unemployment statistics for FYs 2008 and 2009. We also assessed the effect of Lowell's inaccurate application data and determined that it did not appear to have affected the suitability of the award. However, to ensure future awards are not affected by inaccurate data, we recommend that Lowell enhance its procedures to ensure it submits accurate data for future award applications.

We also determined that Lowell generally complied with all other essential grant requirements in the areas we tested. However, we found that Lowell overcharged the grant \$19,094 in fringe benefit expenditures. Because Lowell corrected this overcharge during our audit, we do not question these charges. However, we recommend that Lowell enhance its procedures for ensuring that all costs charged to the grant are allowable and fully supported.

These items are discussed in further detail in the Findings and Recommendations section of the report. Our audit objectives, scope, and methodology appear in Appendix I.

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

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INTRODUCTION

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-0400, awarded to the Lowell Police Department (Lowell), Lowell, Massachusetts. This grant, in the amount of \$2,084,736, was to be used to avoid the pending layoffs of 12 officer positions.

The objective of our audit was to determine whether costs claimed under the grant were allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the grant. We also assessed Lowell's program performance in meeting grant objectives and overall accomplishments.

The Office of Community Oriented Policing Services

The Office of Community Oriented Policing Services (COPS), within the Department of Justice, assists law enforcement agencies in enhancing public safety through the implementation of community policing strategies in jurisdictions of all sizes across the country. The COPS office provides funding to state, local, and tribal law enforcement agencies 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 Department of Justice in grant funding to be used to enhance state, local, and tribal law enforcement efforts. Of these funds, \$1 billion was provided to the COPS Office for grants to state, local, and tribal governments to hire or retain police officers.

COPS Hiring Recovery Program

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

The City of Lowell, Massachusetts

The city of Lowell is located in Middlesex County, Massachusetts, about 25 miles northwest of Boston and is the fourth largest city in Massachusetts. The Lowell Police Department's approved budget in fiscal year (FY) 2009 was \$21,979,987, and at the time of the grant application, the Lowell Police Department had a budgeted sworn force strength of 246 officers.

OIG Audit Approach

We tested compliance with what we considered to be the most important conditions of the CHRP grant. Unless otherwise stated in our report, we applied the 2009 CHRP Grant Owner's Manual (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. It was developed by COPS to ensure that all CHRP grantees understand and meet the requirements of the grant. We also considered applicable Office of Management and Budget (OMB) and Code of Federal Regulations (CFR) criteria in performing our audit. We tested Lowell'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 financial and accounting system and related internal controls were adequate

to safeguard grant funds and ensure compliance with the terms and conditions of the grant.

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

Where applicable, we also test for compliance in the areas of indirect costs and matching funds. For this CHRP grant, there were no indirect costs approved, and matching funds were not required.

FINDINGS AND RECOMMENDATIONS

We determined that Lowell generally complied with all of the essential grant requirements in the areas we tested. However, we found that Lowell utilized inaccurate data in its grant application and overcharged the grant \$19,094 in fringe benefit expenditures. These conditions and the underlying causes are further discussed in the body of the report.

Application Statistics

To select COPS 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 COPS 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.¹ As a result, some agencies may have received grant funds based on inaccurate applications. However, we were unable to determine the number of applications that included inaccurate data.

During this audit, we obtained documentation from Lowell to support the information it submitted to COPS to secure the 2009 COPS grant and we found inaccuracies in the information submitted in the COPS application. Specifically, we found inaccuracies in the application data regarding locally generated revenue for FYs 2007 and 2008, the general fund balance for FY 2009, and the local area unemployment statistics for FYs 2008 and 2009.

According to the City of Lowell's Chief Financial Officer (CFO), the FY 2008 locally generated revenue was incorrect because \$1.1 million was transferred to the City's General Fund from the City's Wastewater Enterprise fund; these transferred funds were not included in the revenue reported in the application. The CFO could not explain the discrepancy we identified

¹ 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).

with regard to the FY 2007 revenue reported. With regard to the inaccurate data for the FY 2009 General Fund balance, the CFO said that the information reported in the application was an estimate at the time it applied for the COPS grant. We also found that the local area unemployment statistics for FY 2008 and 2009 were incorrect because Lowell used the statistics for the metropolitan area in the application instead of the statistics for the City of Lowell.

Because the application information was used to determine the grantee's eligibility to receive the grant, we analyzed the effect of the inaccurate data that Lowell submitted in its application. We determined that the inaccurate data did not appear to have affected the suitability of the award. As a result, we do not question the award of the COPS grant to Lowell.

Because the data that grantees submit are relied upon to award substantial grants, we believe it is vital that grantees ensure that the data and information submitted to awarding agencies is accurate. In this case, Lowell's inaccurate application data did not significantly affect the suitability of its award. Nonetheless, future inaccurate data may have a substantial effect on award decisions. As a result, we recommend that Lowell establishes procedures to ensure it submits accurate information for its future grant applications.

Internal Control Environment

We reviewed Lowell's system of internal controls concerning its expenditure and accounting of COPS COPS grant funds. We noted deficiencies regarding its fringe benefit expenditures as discussed in the next section.

We began this audit by reviewing Lowell's accounting and financial management system to assess the organization's risk of non-compliance with laws, regulations, guidelines, and the terms and conditions of the grant. We also interviewed management staff from the organization, performed payroll and fringe benefit testing, and reviewed financial and performance reporting activities to further assess the risk.

According to the Grant Owner's Manual, award recipients are responsible for establishing and maintaining an adequate system of accounting and internal controls. An acceptable internal control system provides cost controls to ensure optimal use of funds. Award recipients must adequately safeguard funds and assure they are used solely for authorized purposes.

While our audit did not assess Lowell's overall system of internal controls, we did review the internal controls of Lowell's accounting and financial management system specific to the administration of grant funds during the periods under review. We determined that Lowell had a separate account for all payroll and fringe benefit expenditures.

Personnel and Fringe Benefit Expenditures

We found that Lowell correctly ensured that it only charged the entry-level salary approved in the grant budget for each grant-funded officer. However, we found that Lowell overcharged the grant for fringe benefit expenditures.

According to the CHRP grant application and award documentation, fringe benefit costs should be based on entry-level benefits for each sworn officer. The grant award documentation approved the following fringe benefits to be covered under this grant: (1) health insurance, (2) Medicare, (3) retirement, and (4) holiday pay. In its grant application, Lowell calculated the fringe benefit amounts to be charged to the grant, except holiday pay, as percentages of an officer's salary. However, according to the union contract covering officer salary and benefit costs, the City of Lowell was responsible for 75 percent of the monthly health insurance premium for each officer. Additionally, Medicare and retirement should be calculated as 1.45 and 11 percent of the officer's salary, and each officer was to be paid a lump sum for 12 holidays and receive additional payment for each holiday worked.

To determine whether Lowell accurately calculated and allocated the fringe benefit expenditures to the grant, we tested the first 2 years of the grant's charges covering January 1, 2010, to December 31, 2011. We found that Lowell overcharged the grant \$19,094. The following table shows the charges in each category.

**FRINGE BENEFIT TESTING RESULTS
AS OF NOVEMBER 30, 2011**

	Charges Based on Entry-Level Salary	Actually Charged to Grant	Difference
Health Insurance	\$196,624	\$200,029	\$ 3,405
Medicare	13,144	16,302	3,158
Retirement	99,710	112,240	12,531
Total	\$309,478	\$328,571	\$19,094

Source: OIG Analysis

Lowell also overcharged the grant in fringe benefit charges because actual gross salaries were used in determining the amount of fringe benefits to charge the grant instead of an amount equivalent to an entry-level officer's salary to determine the amount to be charged to the grant.

Lowell agreed with our findings and in December 2011 took corrective action by reducing its reimbursement request for its grant-funded officer activities by \$19,148 and adjusting the accounting transactions. As a result of the December 2011 adjustment, we do not report any questioned costs. However, we recommend that Lowell enhance its procedures to ensure future fringe benefit cost are accurately calculated and charged to the grant.

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 (disbursed) within 10 days of an electronic transfer. As of September 2011, Lowell drew down \$1,044,756 in grant funds.

To determine if drawdowns were completed in advance or on a reimbursement basis, we interviewed grant officials, analyzed bank statements, and reviewed documentation in support of actual expenditures. We determined that grant funds were requested on a reimbursement basis. In addition, we determined that drawdowns were requested based on actual expenditures and did not exceed grant expenditures. We found Lowell's drawdown process to be adequate in minimizing the time lapse between the drawdown of funds and disbursement of those funds. As a result, we found that Lowell's drawdown procedures were adequate and complied with grant requirements.

Budget Management and Control

Criteria established in 28 C.F.R. § 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. The following table summarizes the budget for this grant by category.

CHRP GRANT BUDGET AWARDED TO LOWELL

Category	Budget Amount
Personnel	\$1,447,428
Fringe Benefits	\$ 637,308
Total	\$2,084,736

Source: COPS

During our audit, we found that Lowell's Finance Director maintained spreadsheets to ensure that payroll and fringe benefits stayed within the approved budget. We also compared the total payroll and fringe benefits charged to the grant from Lowell's accounting system to the budget categories established by COPS in the approved budget. While this grant was still in progress at the time of our audit, Lowell appeared to remain within the approved budget allowance for each category for this grant.

In addition to remaining within the approved budget allowance, Lowell must ensure it does not supplant local funds with grant funds. According to the Grant Owner's Manual, grant recipients may not reduce their locally-funded number of sworn officer positions during the 3-year CHRP grant period as a direct result of receiving the CHRP funding to pay for additional officers. Reductions in locally-funded sworn officer positions that occur for reasons unrelated to the CHRP funding – such as city-wide budget cuts – do not violate the non-supplanting requirement, but recipients must maintain documentation demonstrating the date(s) and reason(s) for the budget cuts to prove that they were unrelated to the receipt of CHRP grant funding in the event of an audit, monitoring site visit, or other form of grant compliance review.

We reviewed Lowell's funding strength for FYs 2009 and 2010 to determine if Lowell reduced its funding strength as a result of receiving

grant funds. We found that Lowell's funding strength for officers was reduced by 13 from 231 in FY 2009, and to 218 in FY 2010. According to documentation we reviewed, the reduction in funding strength was a result of economic distress, which had an adverse effect on the budgets and staffing levels of the city's various agencies, including the police department. Because of the economic distress on the city, and other agencies being asked to reduce staffing, we concluded that this reduction did not constitute a violation of the non-supplanting requirement.

Reporting

Federal Financial Reports

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

Lowell officials told us they completed the FFRs using quarterly reports from their accounting system. As of June 30, 2011, Lowell submitted eight FFRs for this grant. We tested each FFR for accuracy and timeliness. To test if the FFRs were accurate, we compared the expenditures reported on the FFRs to grant accounting detail and concluded that each report was accurate. We tested the FFRs for timeliness using the criteria noted above and found all eight FFRs to be timely submitted. Because each of the FFRs we tested was accurate and submitted in a timely manner, we concluded that Lowell met COPS's financial reporting standards.

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.

As of September 30, 2011, Lowell was required to and submitted eight quarterly progress reports. We sampled the last four reports to test for timeliness and accuracy. We tested the progress reports for timeliness using the criteria noted above and found all four progress reports to be timely submitted. In addition, 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 that will collect all reports. Recipients must enter their data no later than 10 days after the close of each quarter beginning September 30, 2009.

Lowell 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, 1 of the 10 was submitted 2 days late. However, we determined this lateness to be immaterial.

According to the Lowell's Program Manager, Recovery Act reports were prepared using the financial information from the quarterly FFRs and the programmatic information from the quarterly progress reports. Because Lowell used the same information from the FFRs and the progress reports to complete the Recovery Act reports, and because we found the FFRs and the progress reports to be accurate, we concluded that the Recovery Act reports were also accurate.

Compliance with Award Special Conditions

Award special conditions are included in the terms and conditions for a grant award and are provided in the accompanying award documentation. Special conditions may also include special provisions unique to the award. Lowell's CHRP grant contained a special condition requiring that funding should only be used for payment of approved full-time entry level sworn officer salaries and fringe benefits. As discussed in the Personnel and Fringe Benefit Expenditures section of this report, we found that Lowell over-charged the grant for fringe benefits, but took appropriate action to address the issue during our fieldwork.

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 to the CHRP grant: (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. Quarterly progress reports describing how CHRP funding was being used to assist the grantee in implementing its community policing strategies and detailing hiring and rehiring efforts were to be the data source for measuring performance. However, COPS did not require grantees to track statistics to respond to the performance measure questions in the progress reports. In addition, the grantee's community policing capacity implementation rating, identified in the progress report, would not be used in determining grant compliance.

Even though COPS did not require a grantee to track statistics to support its performance, it does require a grantee to be able to demonstrate that it is initiating or enhancing community policing in accordance with its community policing plan. According to Lowell's community policing plan, Lowell did not plan to initiate new community policing strategies but planned to enhance community policing in two areas: (1) routinely incorporating problem-solving principles into patrol work, and (2) systematically tailoring responses to crime and disorder problems to address their underlying conditions.

According to Lowell officials, it has enhanced the use of its problem-solving principles in patrol work by incorporating more training and promoting more community-partnerships. In addition, Lowell has been able to assign more officers to focus on problems that the Lowell's Crime Analysis unit identifies.²

Lowell contracted with a research organization to conduct a community survey to better understand the crime problems in the community; the performance of the police department; and the residents' perceptions of crime, fear of crime, and community policing. In an October 2010 report, the research organization reported that 91 percent of the respondents felt that police officers were visible in the community, but two-thirds of the written comments asked for increased police visibility. However, the survey found that respondents who rated Lowell more favorably also said they saw enough police in the neighborhood. We concluded that Lowell was meeting the community policing objective of the grant.

² Crime analysis is the analytical process that provides timely and significant data relative to crime patterns. It also serves as a function to assist with the deployment of the patrol force to curtail and contain criminal activities.

Conclusion

We found that Lowell overcharged the grant \$19,094 in fringe benefits by expending more than the allowable amount for an entry-level officer's fringe benefits. In addition, we found that the application data that Lowell submitted was inaccurate, although it did not appear to have affected the suitability of the award. When we brought these issues to Lowell's attention, corrective action was taken on the overcharged fringe benefits by reducing its request for reimbursement by the amount of the overcharge. However, we provide two recommendations for management improvement to help prevent these issues from occurring in the future.

Recommendations

We recommend that COPS:

1. Ensure Lowell establishes procedures to verify that it submits accurate information for its future grant applications.
2. Ensure Lowell establishes procedures to verify that it accurately charges only allowable and allocable fringe benefit expenditures to the grant.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of our audit was to determine whether reimbursements claimed for costs under grant 2009-RK-WX-0400 were allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the grant. We also assessed grantee program performance in meeting grant objectives and overall accomplishments. We reviewed activities in the following areas: (1) application statistics, (2) internal control environment, (3) personnel and fringe benefit expenditures, (4) drawdowns, (5) budget management and control, (6) reporting, (7) compliance with grant requirements, and (8) program performance and accomplishments. We determined that indirect costs and matching funds were not applicable to this grant.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provided a reasonable basis for our findings and conclusions based on our audit objectives.

We audited the COPS Hiring Recovery Program grant 2009-RK-WX-0400. The grantee had requested a total of \$1,044,756 in grant funding through September 19, 2011.

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 2009 COPS Hiring Recovery Program Grant Owner's Manual and grant award documents.

In conducting our audit, we performed testing in three areas: payroll and fringe benefit charges, Progress Reports, and Recovery Act Reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grant reviewed, such 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 Federal Financial Reports, Progress Reports, and Recovery Act Reports; and evaluated performance to grant objectives. However, we did not test the reliability of Lowell's accounting and financial management system as a whole. We tested the reliability of the information in the accounting system

during the payroll verification testing. We traced a sample of the information in the accounting system to supporting documentation and found the information to be reliable.

LOWELL POLICE DEPARTMENT RESPONSE
TO THE DRAFT AUDIT REPORT



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Kenneth Lavallee
Superintendent

Deborah Friedl
Deputy Superintendent

Arthur Ryan, Jr.
Deputy Superintendent

July 31, 2012

Thomas O. Puerzer
Regional Audit Manager
Office of the Inspector General
Philadelphia Regional Audit Office
701 Market Street, Suite 201
Philadelphia, Pennsylvania 19106

Dear Mr. Puerzer:

This letter is in response to the draft audit report received on June 14, 2012. The Lowell Police Department (LPD) Director of Research and Development, Budget Director and I discussed the recommendations and will take the following steps to ensure that future grant applications and awards are administered more accurately to the best of our ability.

Recommendations and Responses:

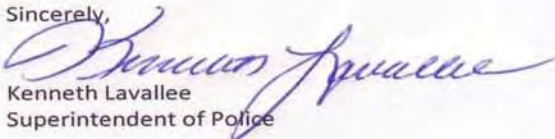
1. Ensure Lowell establishes procedures to verify that it submits accurate information for its future grant applications.

The Lowell Police Department (LPD) will cross reference all data submitted in grant applications to ensure that accurate data is submitted in future grant applications to the best of our ability.

2. Ensure Lowell establishes procedures to verify that it accurately charges only allowable and allocable fringe benefit costs to the grant.

The LPD Director of Research and Development (or Program Manager) and Budget Director will meet at the start of each grant to discuss the allocation process for all grant expenses.

Sincerely,


Kenneth Lavallee
Superintendent of Police

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/Audit Liaison Division
145 N Street, N.E., Washington, DC 20530

COPS

MEMORANDUM

Via E-Mail and U.S. Mail

To: Thomas O. Puerzer
Regional Audit Manager
Office of the Inspector General
Philadelphia Regional Audit Office

From: Lashon M. Hilliard
Management Analyst
COPS Audit Liaison Division

Date: August 8, 2012

Subject: Response to the Draft Audit Report for the Hiring Recovery Program (CHRP)
Grant to the Lowell Police Department, Lowell, Massachusetts
COPS CHRP Grant 2009RKWX0400

This memorandum is in response to your draft audit report, dated June 14, 2012, for the Lowell Police Department (LPD), Lowell, MA. For ease of review, each audit recommendation is stated in bold and underlined, followed by COPS' response to the recommendation.

Recommendation 1: Ensure Lowell establishes procedures to verify that it submits accurate information for its future grant applications.

COPS concurs that LPD should establish procedures to verify that it submits accurate information for future grant applications.

Planned Action(s):

After review of your report and the grantee's response, LPD will cross-reference all data submitted in future grant applications to the best of their ability.

Request

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

Thomas O. Puerzer, Regional Audit Manager, Philadelphia Regional Audit Office
August 8, 2012
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Recommendation 2: Ensure Lowell establishes procedures to verify that it accurately charges only allowable and allocable fringe benefit costs to the grant.

COPS concurs that the LPD should have a mechanism in place to verify that LPD accurately charges only allowable and allocable fringe benefits costs to the grant.

Planned Action(s):

After review of your report and the grantee's response, LPD Research and Development (or Program Manager) and Budget Director will meet at the start of each grant to discuss the allocation process for all grant expenditures.

Request

Based on the discussion and planned actions, COPS requests closure of this recommendation, thereby closing the entire audit report.

The COPS Office 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) 514-6563.

cc: Thomas O. Puerzer (copy provided electronically)
Regional Audit Manager
Office of the Inspector General
Chicago Regional Audit Office

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Thomas O. Puerzer, Regional Audit Manager, Philadelphia Regional Audit Office
August 8, 2012

Page 3

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

Audit File Copy
ORI: MA00926

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

The OIG provided a draft of this audit report to the Lowell Police Department (Lowell) and the Office of Community Oriented Policing Services (COPS) for review and comment. Lowell's response is included as Appendix II of this final report, and COPS' response is included as Appendix III. The following provides the OIG analysis of the responses. Based on the OIG's analysis of the responses, this audit report is issued closed

Recommendation Number

1. **Closed.** Lowell and COPS concurred with our recommendation to ensure Lowell establishes procedures to verify that it submits accurate information for its future grant applications.

In its response, Lowell stated that it will cross reference all data submitted in grant applications to ensure that accurate data is submitted in future grant applications to the best of their ability.

This recommendation is closed.

2. **Closed.** Lowell and COPS concurred with our recommendation to ensure Lowell establishes procedures to verify that it accurately charges only allowable and allocable fringe benefit expenditure to the grant.

In its response, Lowell stated that the Lowell Police Department's Director of Research and Development and Budget Director will meet at the start of each grant to discuss the allocation process for all grant expenditures.

This recommendation is closed.