



City of Phoenix

**Mission Statement**

To improve the quality of life in Phoenix through efficient delivery of outstanding public services.

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**Project Number**

1240013

This report can be made available in alternate format upon request.

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**Police Department  
Grants Management**

**June 12, 2024**

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***Report Highlights***

**Grant Expenditures**

*Expenditure records were not always maintained in grant files and did not agree to reports filed with grantor agencies.*

**Grant Funding**

*Grant funding was not fully utilized.*

**Sub-recipients**

*Subrecipients were not monitored nor audited by the Department.*

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## **Executive Summary**

### **Purpose**

Our purpose was to review the Police Department Fiscal Management Bureau's policies and procedures to determine compliance with grant terms and conditions for managing and expending awarded grant funds.

### **Background**

The Police Department's (Police) Fiscal Management Bureau (FMB) is the central point of contact for processing Police's grant opportunities. The FMB's Grant Unit supervisor and grant accountant are responsible for processing grant applications, including obtaining authorization signatures, City Council approval, and submitting applications to granting agencies.

Police uses the City's financial management system (SAP) to track revenue, authorized expenditures, and assets procured for funded grants. Grant Unit staff monitor subrecipients and financial transactions for compliance with grant terms and conditions, complete required financial reporting to grantor agencies, and close out grants in SAP at the end of the grant term. Program managers assigned to bureaus or units utilizing grant funding are responsible for performance reporting requirements.

SAP contained 107 open Police grants as of June 16, 2023. Forty-nine grants had expenditures in Fiscal year (FY) 2023 totaling \$5,792,266. We tested five grants with \$2,966,875 (51%) in expenditures for FY 2023.

### **Results in Brief**

#### **Expenditure records were not always maintained in grant files and did not agree to reports filed with grantor agencies.**

We obtained and reviewed FY 2023 grant expense reports and supporting documentation for expenses submitted for reimbursement. We compared expense documentation to required financial reports filed with grantor agencies and the FYE 2023 Schedule of Expenditures of Federal Awards (SEFA) report.

Grant staff could not locate supporting documentation demonstrating that all expenses were allowed per grant terms and conditions. Additionally, expense documentation maintained by staff could not be reconciled to financial reports filed with grantor agencies. Expenses reported to grantor agencies for FY 2023 did not agree with those reported in the FY 2023 SEFA.

**Grant funding was not fully utilized.**

SAP contained 107 open Police grants as of June 16, 2023. Twenty-nine awarded grants were expired. Of the 29 expired grants, 15 (52%) had unspent grant award balances totaling \$584,765. Not using grant awards resulted in Police losing the funding.

**Subrecipients are not monitored nor audited by the Department.**

FMB staff we interviewed stated they did not monitor nor audit subrecipients. There were no monitoring procedures, and staff were not trained to audit subrecipients. We reviewed grant files for the Justice Assistance Grant (JAG), noting a lack of supporting documentation for expenses submitted for reimbursement. No monitoring or auditing records were located in grant files.

## Department Responses to Recommendations

**Rec. # 1.1:** Establish a new system of record to manage and maintain Police Department grant records.

**Response:** The Fiscal Management Bureau (FMB) has established an Excel worksheet as the new system to manage and maintain Police Department grant records. This will provide standardized reporting for all grants within the Police Department.

Accountants will be tracking essential operations of grant requirements through the Excel worksheet. Performance metric submission dates, total grant award amount, category budgeted amounts, description of each expense, purchased item amounts, procurement methods, invoice numbers, asset numbers, and any other specific grant tracking requirement will be documented through the Excel worksheet. For grants with subrecipients, the accountant will create a tab specifically designed to monitor and track their budget.

In addition, the FMB has established a specific layout for each electronic grant folder in the FMB grants drive that each Accountant will follow when setting up the grant's management system. This layout was designed based on the requirements of the grant solicitation to ensure proper documentation is recorded. A folder for each grant will include files for saving financial reports, invoices, asset documentation, performance metrics, application documents, award documents. For grants with subrecipients, a folder will be created to save their invoices, asset documents, performance metrics, and risk assessment monitoring. This will provide standardized record keeping for all grants within the Police Department.

The Grant Supervisor will have a quarterly check in with each Accountant to ensure all electronic documents have been saved to the specific grant file within the FMB's shared grant drive.

The Police Department's Operations Order 4.50 federal/state/local grants and contract procedures are outdated and does not align with current procedures in place. The Grants Supervisor is in the process of updating this Ops Order and the FMB Policy Manual to show the current operations being completed. award documents. For grants with subrecipients a folder will be created to save their invoices, asset documents, performance metrics, and risk assessment monitoring. This will provide standardized record keeping for all grants within the Police Department.

**Target Date:**  
9/10/24

<p>The Grant Supervisor will have a quarterly check in with each Accountant to ensure all electronic documents have been saved to the specific grant file within the FMB's shared grant drive.</p> <p>The Police Department's Operations Order 4.50 federal/state/local grants and contract procedures are outdated and does not align with current procedures in place. The Grants Supervisor is in the process of updating this Ops Order and the FMB Policy Manual to show the current operations being completed.</p>	
<p><b>Rec. # 1.2:</b> Review and identify expired grants recorded in SAP. Closeout grants as required by Operations Order 4.5 (6)(L).</p>	
<p><b>Response:</b> Currently, the Fiscal Management Bureau staff has identified 84 expired grants and will close them in SAP once all activities are completed.</p> <p>The Police Department's Operations Order 4.50 federal/state/local grants and contract procedures are outdated and does not align with current procedures in place. The Grants Supervisor is in the process of updating this Ops Order and the FMB Policy Manual to show the current operations being completed.</p>	<p><b><u>Target Date:</u></b> 9/10/24</p>
<p><b>Rec. # 1.3:</b> Review and identify expired grants in SAP with an overspent balance. Transfer funding to close out grant balances.</p>	
<p><b>Response:</b> Currently, the Fiscal Management Bureau staff has identified 48 expired grants with overspent funds and working to identify where to transfer the expenses within the general fund budget.</p> <p>The Police Department's Operations Order 4.50 federal/state/local grants and contract procedures are outdated and does not align with current procedures in place. The Grants Supervisor is in the process of updating this Ops Order and the FMB Policy Manual to show the current operations being completed.</p>	<p><b><u>Target Date:</u></b> 9/10/24</p>
<p><b>Rec. # 2.1:</b> Ensure expenditure records are maintained in grant files to support grant funding usage as required by Operations Oder 4.50.</p>	
<p><b>Response:</b> Accountants are saving all invoices to the Fiscal Management Bureau grants shared drive folder in the specific grant file, listing the invoice number for the expense on their grant tracking Excel Worksheet along with describing the expense to support usage of funds.</p> <p>In addition, invoices are being uploaded into SAP to have second record keeping source.</p>	<p><b><u>Target Date:</u></b> 9/10/24</p>

<p>The Police Department's Operations Order 4.50 federal/state/local grants and contract procedures are outdated and does not align with current procedures in place. The Grants Supervisor is in the process of updating this Ops Order and the FMB Policy Manual to show the current operations being completed.</p>	
<p><b>Rec. # 2.2:</b> Reconcile expense records to quarterly financial reports filed with grantor agencies to ensure accurate reporting as required by Operations Order 4.50.</p>	
<p><b>Response:</b> Each Accountant will reconcile expenses using the SAP Cash-Spend Down Report to record all expenses that have been accrued to the grant to date. When submitting the financial report to the Grants Supervisor for review, this report is added as backup for reconciliation of accurate reporting for grant expenses.</p> <p>In addition to SAP, each Accountant uses their grant Excel Worksheet to compare to the financial reports every quarter to ensure the funds spent to date and the balance remaining match.</p> <p>The Grant Supervisor meets quarterly to review each Accountant's grants to reconcile expense records using SAP, a Revenue Vs. Expenses Excel Worksheet and the financial reports.</p> <p>The Police Department's Operations Order 4.50 federal/state/local grants and contract procedures are outdated and does not align with current procedures in place. The Grants Supervisor is in the process of updating this Ops Order and the FMB Policy Manual to show the current operations being completed.</p>	<p><b><u>Target Date:</u></b> 9/10/24</p>
<p><b>Rec. # 2.3:</b> Ensure a process is in place to monitor grant funds and expend balances before the grant term expires.</p>	
<p><b>Response:</b> FMB has established a formal process based on new policy and training that requires the grant Accountant to maintain each grant on an Excel Worksheet tracking system that shows the awarded fund balance, funds spent and funds remaining in each budgeted category of the awarded budget.</p> <p>Additionally, monthly meetings are held with the Grants Supervisor and the grant Accountants to discuss the fund balance remaining on each grant along with what measures are being taken or need to be taken to expend the balances.</p> <p>The Grant Supervisor runs a report for the Fiscal Administrator monthly using SAP to track the total expenses accrued and the total approved budget showing the amount remaining on the grant. The report includes comments on progress of spending and any needs to be addressed with the grant along with indicating the life of the grant.</p>	<p><b><u>Target Date:</u></b> 9/10/24</p>

<p>The Police Department's Operations Order 4.50 federal/state/local grants and contract procedures are outdated and does not align with current procedures in place. The Grants Supervisor is in the process of updating this Ops Order and the FMB Policy Manual to show the current operations being completed.</p>	
<p><b>Rec. # 3.1:</b> Review asset procurement documentation to ensure compliance with City policies and grant terms and conditions. Maintain documentation in grant files.</p>	
<p><b>Response:</b> A training was completed on Thursday, May 30, 2024, with the FMB grant Accountants to review City policies and show how to find grant terms and conditions in the solicitation for each grant in relation to requirements of the specific grant.</p> <p>The grant staff is working to create an asset procurement form to which will be kept electronically in the FMB shared grants drive in the specific grant folder to indicate the asset number and the method of procurement.</p> <p>Under 2 CFR 200, government agencies are required to follow their own laws for procurements. Government agencies are also required to follow 2 CFR 200.322 and 2 CFR 200.326. If a grant falls outside of these Federal requirements, documentation will be kept in a file within the specific grant folder.</p> <p>The Police Department's Operations Order 4.50 federal/state/local grants and contract procedures are outdated and does not align with current procedures in place. The Grants Supervisor is in the process of updating this Ops Order and the FMB Policy Manual to show the current operations being completed.</p>	<p><b><u>Target Date:</u></b> 9/10/24</p>
<p><b>Rec. # 3.2:</b> Ensure assets procured with grant funding are tracked as required by grant terms and conditions and City policies.</p>	
<p><b>Response:</b> The grant Accountants have reviewed grant terms and conditions as well as City policies. As a result, an asset form is being created to track the method of procurement to ensure the grant terms and conditions and City policies are met.</p> <p>The Police Department's Operations Order 4.50 federal/state/local grants and contract procedures are outdated and does not align with current procedures in place. The Grants Supervisor is in the process of updating this Ops Order and the FMB Policy Manual to show the current operations being completed.</p>	<p><b><u>Target Date:</u></b> 9/10/24</p>
<p><b>Rec. # 4.1:</b> Develop and use grant subrecipient monitoring and auditing procedures, as required by Operations Order 4.50(8)(B). Maintain monitoring and auditing records in grant files.</p>	

<p><b>Response:</b> The Excel Worksheet tracking system has a specific tab for monitoring worksheet and auditing purposes for subrecipients. This area allows for the Accountant to record all necessary information regarding the purchases of the sub-recipient to ensure they are in compliance to the grant requirements.</p> <p>The Police Department's Operations Order 4.50 federal/state/local grants and contract procedures are outdated and does not align with current procedures in place. The Grants Supervisor is in the process of updating this Ops Order and the FMB Policy Manual to show the current operations being completed.</p>	<p><b><u>Target Date:</u></b> 9/10/24</p>
<p><b>Rec. # 4.2:</b> Train staff in procedures to monitor and review subrecipient audits.</p>	
<p><b>Response:</b> Training was completed on May 30, 2024 to show staff the new monitoring worksheet and discuss audit requirements for any grants with subrecipients.</p> <p>Scheduled dates have been set for July 9, July 16, July 22 for JAG 2021, 2022, and 2023 to monitor selected subrecipients. Scottsdale Police Department, Buckeye Police Department and Mesa Police Department have been selected.</p> <p>Once the site visits have been completed, the Accountant over the grant and the Grant Supervisor will meet to review the findings.</p> <p>The Police Department's Operations Order 4.50 federal/state/local grants and contract procedures are outdated and does not align with current procedures in place. The Grants Supervisor is in the process of updating this Ops Order and the FMB Policy Manual to show the current operations being completed.</p>	<p><b><u>Target Date:</u></b> 9/10/24</p>
<p><b>Rec. # 4.3:</b> Review and document grant sub-recipient eligibility as required by Operations Order 4.50 (8)(B). Maintain documentation in grant files.</p>	
<p><b>Response:</b> A risk assessment form is being created for the sub-recipient to fill out and file electronically in the FMB shared grant folder within the specific grant file.</p> <p>The Police Department's Operations Order 4.50 federal/state/local grants and contract procedures are outdated and does not align with current procedures in place. The Grants Supervisor is in the process of updating this Ops Order and the FMB Policy Manual to show the current operations being completed.</p>	<p><b><u>Target Date:</u></b> 9/10/24</p>
<p><b>Rec. # 4.4:</b> Establish performance reporting procedures in Operations Order 4.5 to ensure grant accountants or program managers complete and file performance reports as required by grant award terms and conditions.</p>	



<p><b>Response:</b> The Grants Supervisor is in the process of updating this Ops Order and the FMB Policy Manual to reflect the current method of maintaining documentation for grants.</p>	<p><b><u>Target Date:</u></b> 9/10/24</p>
<p><b>Rec. # 4.5:</b> File grant performance reports as required by grant terms and conditions. Track grant performance</p>	
<p><b>Response:</b> Currently, Accountants are recording the date that the performance report was submitted into the specific grant portal within the specific grant Excel Worksheet tracking system.</p> <p>Performance reports will be saved electronically in the FMB shared grant folder within the specific grant file to maintain records in line with grant terms and conditions.</p> <p>The Grant Supervisor will meet quarterly with the grant Accountants to review all electronically saved documents to ensure all files are being tracked.</p> <p>The Police Department's Operations Order 4.50 federal/state/local grants and contract procedures are outdated and does not align with current procedures in place. The Grants Supervisor is in the process of updating this Ops Order and the FMB Policy Manual to show the current operations being completed.</p>	<p><b><u>Target Date:</u></b> 9/10/24</p>

# **1 – Grant Administration**

## **Background**

Per Administrative Regulation 1.81 *Federal, State, and other Grant Applications*, the department Grant Liaison is the primary contact to assist with pursuing, applying for, and ensuring that the internal and external grant communications, notifications, and requirements are met. Per Police Operations Order 4.50 *Federal / State / Local Grants and Contract Procedures*, all grant agreements entered into by Police are processed by FMB staff who enter grants into SAP. FMB maintains an access database to manage grant files. Staff responsibilities include reconciling revenue and expenditure transactions to SAP, tracking assets procured, monitoring and reporting grant operations, and closing out awards at the end of grant terms.

We reviewed policies and procedures to determine department requirements for grant management. We interviewed FMB staff responsible for processing and managing department grant awards. We obtained a list of open grants in SAP as of June 16, 2023, and tested compliance with Police and City policies for grant management.

## **Results**

### ***The Grants Management database is no longer supported and is susceptible to data loss and vulnerabilities.***

We interviewed FMB personnel responsible for grant management. Staff had an overall understanding of department grant management requirements; however, grant accountants did not manage all aspects of grants awarded. Staff in individual bureaus and units, along with FMB staff, handled research of grant funding opportunities. Grant accountants were assigned specific duties by FMB's grant manager. Grant accountants were not cross-trained to assist with department grants assigned to other personnel.

FMB used an Access database to store and manage grant transactions and reporting. As of June 2021, the application can no longer be updated and is no longer supported by Microsoft.

### ***Department grants were not closed out as required.***

Per policy, the grant accountant and project manager are responsible for all required grant closeout documents, final reports, and designated record retention periods. Grants are closed when funding runs out, or the grant term ends, whichever occurs first. Staff interviewed stated they did not know how to close out grants in SAP.

We obtained and reviewed a list of open grants in SAP as of June 16, 2023. Police had 107 open grants. Of those, 29 (27%) were expired and required closeout by FMB staff. Six expired grants had overspent grant award balances totaling \$263,918, general funds will have to be used to cover the gap caused by overspent funds. FMB staff

stated they are reviewing and transferring grant account balances as required to close out expired grants in SAP.

## **Recommendations**

- 1.1 Establish a new system of record to manage and maintain Police Department grant records.
- 1.2 Review and identify expired grants recorded in SAP. Closeout grants as required by Operations Order 4.5 (6)(L).
- 1.3 Review and identify expired grants in SAP with an overspent balance. Transfer funding to close out grant balances.

## **2 – Grant Expenditures**

### **Background**

Grant expenditures are submitted for reimbursement from grantor agencies as incurred. For isolated grants, award funding is received in advance and expenditures are reported to grantor agencies as expended. Grant programs have a dedicated cost center for expenses in SAP.

The program manager initiates grant expenditures. Asset purchases are requested by email or memorandum upon approval of the Bureau Commander. The Grant Unit approves requests based on grant terms and conditions. Purchases are made through contracted vendors if available. Non-contracted vendors may require three quotes to be obtained. Grant accountants complete shopping carts in SAP, which the grant manager approves. Goods receipts are entered into the system by the grant accountants.

Payroll expenses are supported by eCHRIS records for personnel positions assigned to the grant cost center. Per Administrative Regulation 2.21 *Overtime, Call Out, and Standby Pay and Shift Differential*, overtime and fringe benefit costs are tracked using an index code assigned in eCHRIS for the grant cost center. Travel-related expenses funded by grant awards are processed according to Administrative Regulation 3.41 *Business, Conference, and Training Travel Related Expenses*. Expenditure paperwork is maintained in grant files.

We selected a sample of five grant awards for testing based on expenditure levels for FY 2023. We tested compliance with Police and Citywide policies for grant expenditures and financial reporting.

### **Results**

**Expenditure records were not always maintained in grant files and did not agree with reports filed with grantor agencies.**

SAP is the primary system of record for grant expenditures, including asset purchases and travel. Invoices are linked to purchase orders and shopping carts to retrieve and review grant spending. Personnel and fringe benefit costs are tracked in eCHRIS. Copies of supporting documentation are held in the Grant Unit's files.

We obtained and reviewed FY 2023 expense reports filed for the grants selected: National Crime Stats, High Intensity Drug Awareness (HIDTA), Internet Crimes Against Children (ICAC), Sustained Traffic Enforcement Program (STEP), and Justice Assistance Grant (JAG). We obtained and reviewed supporting documentation for expenses submitted for reimbursement. We compared expense documentation to required financial reports filed with grantor agencies and the FYE 23 SEFA report.

## Grant Expenditure Review

Grant	Proper Expenses	Support Documents	Matched FY 23 SEFA
Crime Stats	Unknown*	No	No
HIDTA	Yes	No	No
ICAC	Yes	No	No
STEP	Yes	No	No
JAG	Unknown*	No	No

\*Police did not retain documentation on how money was spent in grant files.

### **Expense documentation does not support financial reporting.**

Grant staff could not locate some supporting documentation demonstrating that all expenses were allowed per grant terms and conditions. Expense documentation maintained by staff could not be reconciled to financial reports filed with grantor agencies. Expenses reported to grantor agencies for FY 23 did not agree with expenses reported in the FY 23 SEFA.

### **Grant award funding was not fully utilized.**

City and Department grant policies did not require monitoring of grant balances to ensure timely use of awarded funds. FMB staff interviewed stated that monthly budget reports were provided to program managers for review, and action plans for grant spending were requested for grants with unspent fund balances. Unspent funds could be reprogrammed to other grant expenses upon request and approval by the grantor, and grant extensions could be requested to ensure funding was used in a timely manner. Not reprogramming unspent grants causes Police to lose funding. Of the 107 open grants in SAP, 29 had expired between February 2013 and March 2022. Fifteen of the 29 grants (52%) had unspent balances totaling \$584,765.

## **Recommendations**

- 2.1 Ensure expenditure records are maintained in grant files to support grant funding usage as required by Operations Order 4.50.
- 2.2 Reconcile expense records to quarterly financial reports filed with grantor agencies to ensure accurate reporting as required by Operations Order 4.50.
- 2.3 Ensure a process is in place to monitor grant funds and expend balances before the grant term expires.

## **3 – Asset Procurement and Tracking**

### **Background**

Requests for purchases utilizing grant funds are initiated by a memorandum approved by the program manager and requesting bureau commander. Program managers are responsible for submitting all procurement forms as required under AR 3.10 *General Procurement Procedures*. Grant accountants verify the reasonableness and eligibility of purchases per the scope of the grant award. ProcurePHX is used to track the ordering, receipt, and logging of assets. Purchase documents are maintained in grant files.

Grant accountants enter the asset information into ProcurePHX. Per Administrative Regulation 5.13, *Accountability, and Inventory Control for City-Owned Property*, capital assets procured are assigned asset numbers and tags by the Finance Department's Financial Accounting and Reporting (FAR) Division. Departments track and monitor sensitive assets and receive brown or copper city tags to attach to assets (i.e., computers, cameras). The program manager is responsible for providing yearly reports on the status of federally funded assets, including their location, condition, and use status.

We reviewed policies and procedures to determine department requirements for asset procurement and tracking. We conducted interviews with FMB staff responsible for procuring and tracking department grant assets. We tested five grants for compliance with Police and Citywide policies for procurement and tracking of grant assets.

### **Results**

#### **Procurement methods used to acquire grant assets could not be verified.**

We obtained and reviewed FY 2023 expense reports filed for the grants selected: National Crime Stats, HIDTA, ICAC, STEP, JAG, and identified assets purchased subject to procurement requirements. We reviewed City and Department procurement policies and grant terms and conditions to identify procurement procedures. We reviewed procurement documents on file and analyzed methods used to procure assets for selected grants to ensure compliance with policy and grant terms.

## Procurement Policies

Grant	ProcurePHX	Method Based on Asset Cost	Policy Followed	Adhere to Grant Terms
Crime Stats	Unknown	Yes	Unknown	Unknown
HIDTA	Yes	Yes	Yes	Yes
ICAC	Yes	Yes	Unknown	Unknown
JAG	Unknown	Unknown	Unknown	Unknown
STEP	Yes	Yes	Yes	Yes

**Staff did not maintain sufficient documentation to determine procurement methods used.**

Grant documentation should be maintained in SAP and grant files. Grant staff could not locate supporting documentation to show that procurement policies and grant terms and conditions were followed as required by City policy and grant terms.

**Assets procured were not always tracked as required.**

AR 5.13 mandated that departments protect City property from theft, loss, and/or improper or personal use. Departments must establish proper internal controls for tracking purchases and for securing, issuing, and monitoring City-owned property. Departments must tag assets and maintain a log or record of purchased assets. Operations Order 4.50 stated that the grant accountant would enter the asset information into the Property Control Record Form located in the grants drive under the "Assets" folder. Forms were to be maintained in each grant binder.

We reviewed asset tags and department records for assets purchased with grant awards for selected grants during FY 2023. We determined if assets were tracked as required by City and Department policy, and grant terms and conditions.

## Grant Asset Tracking

Grant	Tracked per Policy
Crime Stats	No
HIDTA	Yes
ICAC	Yes
STEP	Yes
JAG	NA

### Grant assets were not tracked as required.

The department tracked assets purchased for three of four tested grants. No assets were purchased by the department for JAG. No records were available for assets purchased by subrecipients under JAG. A risk exists that untracked assets are lost or are not returned to the City when the grant expires.

### Recommendations

- 3.1 Review asset procurement documentation to ensure compliance with City policies and grant terms and conditions. Maintain documentation in grant files.
- 3.2 Ensure assets procured with grant funding are tracked as required by grant terms and conditions and City policies.



## **4 – Grant Reporting and Sub-Recipient Monitoring**

### **Background**

A subrecipient is any agency receiving funds from the City, as a result of the City being the initial recipient of federal, state, local or foundation grant funds. Subrecipients are required to enter into an agreement with the City which outlines the sub-recipient's responsibilities to ensure compliance with grant terms and conditions. Subrecipient payments are reimbursed upon submission and verification of expense documentation by FMB staff.

Police's Grant Unit accountants prepare quarterly Federal Financial Reports (FFR) to document financial activity for grant awards. Upon approval from the FMB administrator, the reports are uploaded to the Grant Management System. Grant program managers are responsible for the preparation and submittal of required grant performance reports to grantor agencies.

Governments subject to the Single Audit are required to submit a reporting package to the Federal Audit Clearing House that includes the government's financial statements and the auditors' Single Audit Report including the agency's SEFA.

We reviewed policies and procedures to determine department requirements for subrecipient grant monitoring. We conducted interviews with FMB staff responsible for processing and managing department grant awards. We obtained a list of open grants in SAP as of June 16, 2023. We tested compliance with Police and Citywide policies for subrecipient grant management, financial, and performance reporting.

### **Results**

#### **Subrecipient eligibility was not documented as required.**

Operations Order 4.50 requires subrecipients to complete a pre-award risk assessment questionnaire to determine financial feasibility to comply with the agreement. Intergovernmental Agreements (IGA) document the amount and description of what is being funded, the agreement period, and duties and responsibilities of the sub-recipient.

One of five grants selected for testing (JAG) contained subrecipients. We reviewed the documentation on file for the JAG grant. An IGA between the City and multiple subrecipients was signed and provided by staff for review. No pre-award risk assessment was located for any of the subrecipients.

#### **Subrecipients were not monitored nor audited by the department.**

Police policies mandated the monitoring of subrecipients through the review of financial and program reporting, and subrecipient conducted audits, ensuring follow-up to address any deficiencies noted. Financial monitoring was to be accomplished through onsite visits and desk reviews of subrecipient policies and procedures, internal controls,

accounting systems, financial reporting, and compliance with grant award terms and conditions.

FMB staff interviewed stated they did not monitor nor audit subrecipients. There are no procedures for monitoring and auditing subrecipients. Staff had not been trained to review subrecipients audits. We reviewed the grant files for JAG and found a lack of supporting documentation for expenses submitted for reimbursement. These omissions could be identified and corrected through monitoring and auditing subrecipient records.

**Financial reports were correctly filed; however, performance reporting can be improved.**

Department policies detailed monthly internal and quarterly external financial reporting procedures used by FMB staff. Grant Unit accountants completed and submitted financial reports. While policies stated that grant accountants would submit a final programmatic report (prepared by the project manager) at grant closeout, no guidelines exist to govern the completion and submission of required program reporting by program managers during the grant term. No training is provided to staff to complete performance reports.

We reviewed financial and performance reports filed during FY 2023 for the five grants selected for testing. We determined if reports were filed in compliance with grant terms and conditions.

**Reports Filed as Required**

<b>Grant</b>	<b>Financial</b>	<b>Performance</b>
Crime Stats	Yes	Yes
HIDTA	Yes	Yes
ICAC	Yes	Yes
STEP	Yes	Yes
JAG	Yes	No

**Performance reports were not always completed.**

Financial reports for all grants selected for testing were completed and filed timely. One of four required performance reports were filed for JAG.

## **Recommendations**

- 4.1 Develop and use grant subrecipient monitoring and auditing procedures, as required by Operations Order 4.50(8)(B). Maintain monitoring and auditing records in grant files.
- 4.2 Train staff in procedures to monitor and review subrecipient audits.
- 4.3 Review and document grant sub-recipient eligibility as required by Operations Order 4.50 (8)(B). Maintain documentation in grant files.
- 4.4 Establish performance reporting procedures in Operations Order 4.5 to ensure grant accountants or program managers complete and file performance reports as required by grant award terms and conditions.
- 4.5 File grant performance reports as required by grant terms and conditions. Track grant performance report filings to ensure compliance.

## **Scope, Methods, and Standards**

### **Scope**

We reviewed and evaluated grant management controls and policies, and tested grant transactions from July 1, 2022, through June 30, 2023.

The internal control components and underlying principles that are significant to the audit objectives are:

- Control Environment
  - Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives.
  - Management should evaluate performance and hold individuals accountable for their internal control responsibilities.
- Control Activities
  - Management should design control activities to achieve objectives and respond to risks.
  - Management should implement control activities through policies.
- Information and Communication
  - Management should internally communicate the necessary quality information to achieve the entity's objectives.
  - Management should externally communicate the necessary quality information to achieve the entity's objectives.
- Monitoring Activities
  - Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.

### **Methods**

We used the following methods to complete this audit:

- We reviewed pertinent City and Police Department policies governing grant management.
- We conducted interviews of key staff to identify business processes.
- We obtained list of open Police Department grants in SAP.
- We analyzed the SAP grants list for completeness and accuracy.
- We identified and tested key controls over grant management.

Unless otherwise stated in the report, all sampling in this audit was conducted using a judgmental methodology to maximize efficiency based on auditor knowledge of the population being tested. As such, sample results cannot be extrapolated to the entire population and are limited to a discussion of only those items reviewed.

## **Data Reliability**

We assessed the reliability of the SAP data used in this audit by (1) performing electronic testing, (2) reviewing existing information about the data and the system that produced it, and (3) interviewing agency officials knowledgeable about the data. We determined that this data was sufficiently reliable for the purposes of this audit.

## **Standards**

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Any deficiencies in internal controls deemed to be insignificant to the audit objectives but that warranted the attention of those charged with governance were delivered in a separate memo. We are independent per the generally accepted government auditing requirements for internal auditors.