



Office of Inspector General

City of New Orleans

New Orleans Police Department (NOPD) Grants Performance Audit

AR12PAU008

**E.R. Quatrevaux
Inspector General**

Issued May 7, 2014

**NOPD Grants Performance Audit
AR12PAU008**

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EXECUTIVE SUMMARY

The Office of Inspector General conducted an audit of the NOPD's grant expenditures between January 1, 2011 and December 31, 2012. The objective was to test grant controls, test grant compliance, and search for waste or abuse. Five different grants were selected for testing.¹ The table below summarizes the award #, year tested and annual spending of the five grants tested.

Table 1: Grants Selected for Testing

Grant	Award #	Year Tested	Annual Spending
COPS Hiring Program	2011ULWX0017	2012	645,912
COPS Hiring Recovery Program	2009RJWX0048	2011	815,681
		2012	849,266
COPS Technology	2008CKWX0401	2012	229,325
Police Traffic Services - STEP	2011-30-70	2011	234,807
JAG Program	2009SBB93167	2012	358,326
Total			3,133,317

The NOPD under-billed the Police Traffic Services/ STEP overtime grant by \$59,325 in 2011.² This amount, if properly billed and collected, could have been applied to salaries for additional officers.

The NOPD did not take the necessary actions to monitor grant activity regarding overtime billings and computer purchases. Supervisors did not verify that tickets listed on grant Time Reporting Input Procedure (TRIP) sheets³ were issued or submitted to traffic court. Furthermore, serial numbers on computers purchased through grant funding were not matched to the grant documentation. The questioned costs noted in this report were not material to the grants tested; however, the findings highlight areas for improvement in overtime and asset documentation that could affect other NOPD grants currently and in the future.

Note: All responses from the NOPD in the body of this report are direct statements and have not been modified.

¹ The expenditures for the COPS Hiring Recovery Program were tested both years, 2011 and 2012.

² The NOPD had multiple overtime grants. The STEP grant was the only overtime grant tested.

³ See Glossary of Terms.

I.OBJECTIVES, SCOPE, AND METHODOLOGY

The objective was to test grant controls, determine grant compliance, and identify waste or abuse within the grants tested.

The audit was conducted in accordance with *Generally Accepted Governmental Auditing Standards (GAGAS)*⁴ and the *Principles and Standards for Offices of Inspector General*.⁵

The following procedures were performed:

1. Conducted interviews with the NOPD grants administration unit and the Office of Criminal Justice Coordination (OCJC) personnel to gain an understanding of the grants process.
2. Obtained a listing of all NOPD grants received during 2011 and 2012 and selected the following grants to test:

Table 2: Grants Selected for Testing

Grant	Award #	Year Tested	Annual Spending
COPS Hiring Program	2011ULWX0017	2012	645,912
COPS Hiring Recovery Program	2009RJWX0048	2011	815,681
		2012	849,266
COPS Technology	2008CKWX0401	2012	229,325
Police Traffic Services - STEP	2011-30-70	2011	234,807
JAG Program	2009SBB93167	2012	358,326
Total			3,133,317

3. Performed the following for each grant selected:
 - a. Obtained grant award letters and supporting documentation;
 - b. Recalculated grant schedules to determine the accuracy of grant reporting;
 - c. Selected a sample of equipment purchased and verified existence;
 - d. Selected a sample of officers' overtime grant patrols and recalculated pay to determine accuracy;
 - e. Selected a sample of tickets issued during overtime grant patrols and verified existence;
 - f. Recalculated officers' pay for new hires under the hiring grants; and

⁴ Published by the General Accounting Office (GAO), July 2007 Revision.

⁵ Published by the Association of Inspectors General, May 2004 Revision.

- g. Determined compliance with other grant terms.
- 4. Reviewed each grant's supporting documentation for fraud, waste, or abuse.
- 5. Developed findings and observations as a result of the testing performed.

Computer-processed data was provided and relied upon. A formal reliability assessment of the computer-processed data was not performed. Hard copy documents reviewed supported the information contained in the computer-processed data.

II. FINDINGS

Background for Finding #1 & Finding #2: The 2011 Police Traffic Services/ STEP grant was a sub-grant of the Louisiana Highway Safety Commission (LHSC) designed to reduce fatal and injury crashes on Louisiana roadways. The primary focus of the STEP grant was to issue citations for speeding, drunk driving, seat belt violations, and underage drinking.

The grant provided funding for officers to work overtime patrols between October 1, 2010 and September 30, 2011. The STEP grant allowed overtime in addition to the officers' regularly scheduled tours of duty. The report used by the NOPD to bill the grantor was produced by the City's Information Technology and Innovation (ITI) department.

Finding #1:

Condition: The NOPD incorrectly billed for officers' overtime in 86 of the 90 patrols tested on STEP grants. The NOPD under-billed 74 out of 90 patrols and over-billed 12 out of 90 patrols tested as shown in Table 3.⁶ The net effect resulted in an under-billing of \$2,724. The annual projection of this error would have been \$59,325.

Table 3: Incorrect Billing Breakdown

	Patrols	Amount
Under-billed	74	\$ 2,924
Less: Over-billed	12	(200)
Net Under-billed	86	\$ 2,724

Criteria: The Louisiana Highway Safety Commission's *Manual for Subgrants* states "Personnel activity reports or equivalent documentation must... reflect an after-the-fact distribution of the actual activity of each employee..." and "...must account for the total activity for which each employee is compensated..."⁷ In other words, the overtime worked on the grant should be charged to the grant.

Cause: The cost report⁸ used to submit the officers' pay for this grant did not accurately calculate the officers' hourly rates.⁹

Effect: The projected net effect of the incorrect billing was that the NOPD did not receive \$59,325. See Table 4 below for details.

Recommendation: The NOPD should correct grant billings.

⁶ Ninety of the STEP grant patrols performed between January 1 and September 30, 2011 were randomly selected for testing.

⁷ Louisiana Highway Safety Commission's *Manual for Subgrants*, October 1, 2011, p.8.

⁸ A cycle cost report (HUNNPP10) indicated the total overtime worked on the grant for a pay cycle as well as the officer's hourly rate for that overtime.

⁹ According to discussions with the Assistant Superintendent of NOPD, ITI was notified of the errors.

Table 4: Projected Under-billing of Grant Funds	
Dollar Amount of the Sample of 90 STEP Grant patrols (A)	\$ 13,243
Dollar Amount of Misstatement in the Sample (B)	2,724
Dollar Amount of the Population ¹⁰ (C)	288,414
Projected under-billing [(B/A)*C]	\$ 59,325

NOPD Comment: “...Due to the complexities associated with the FLSA 171 Pay Cycle that police personnel fall under, there does exist the possibility that under-billing and over-billing fluctuations can occur across the life of the grant...

The current cycle cost report that is used for billing, even though somewhat dated, does provide both the grantor and City with a reasonable level of assurance in reimbursement calculations. The unavoidable limitations of current mainframe programming in estimating personnel costs are constantly considered and factored in to minimize errors associated to reimbursement billings. As the City approaches the final stage of its transition to the modernized ADP Payroll System, under-billing and over-billing issues will more easily be avoided by allowing access to ‘real-time’ personnel cost data.”

OIG Comment: NOPD employees agreed that the calculations used in the cycle cost report were incorrect.

Finding #2:

Condition: An officer submitted fictitious tickets for his entire overtime shift.¹¹

Criteria: It is a crime to file false public records including “any document containing a false statement or false representation of a material fact.”¹²

Cause: The officer did not follow the law and the supervisor did not verify that TRIP sheets only included tickets submitted for processing.

Effect: The STEP grant was billed for work that was not performed.

Recommendation: NOPD should develop procedures to ensure that officers are not able to submit false documents and that officers submit tickets for all citation numbers included on the TRIP sheet.¹³

¹⁰ The population included all STEP Grant invoices billed to LHSC from October 1, 2012 to September 30, 2011.

¹¹ The officer has since retired. The matter was referred to the U.S. Department of Transportation’s Office of Inspector General.

¹² LA R.S.14:133 (A)(3).

¹³ According to Department of Transportation auditors, electronic tickets reduce problems with falsified or altered tickets.

NOPD Comment: *“The officer in question retired from service in May of 2011 and now serves as a member of the NOPD Reserves. Based on the allegation of possible misconduct, the Public Integrity Bureau has been instructed to initiate a formal investigation into this matter...”*

The Department is considering additional safeguards to prevent future incidents from occurring. All officers working grant overtime related to traffic enforcement will be required to use a personal issue citation book. The citation book will be recorded and documented on a spreadsheet for cross referencing each citation issued. The supervisor and grant project manager shall be required to verify citations written and document their legitimacy prior to overtime being paid and grant reimbursement billing.”

Finding #3:

Background: All City Hewlett Packard (HP) computers were supplied through a local distributor. In order to reduce wait time, the distributor filled orders with computers that were in stock and identified as City computers. Once the actual computer identified on the invoice arrived, it was used to replace the computer removed from stock. This practice by the local distributor made it impossible to match the serial number on the invoice with the serial number on the computer delivered.

Condition: NOPD was unable to locate the computer listed and purchased with the COPS Technology grant.

Criteria: Code of Federal Regulations – Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments stated “...As a minimum.... Property records must be maintained that include a description of the property, a serial number or other identification number...”¹⁴

Cause: The City allowed its local distributor to deliver computers from stock instead of the actual computers ordered.

Effect: The NOPD was unable to verify the existence of the computer invoiced.

Recommendation: The City should implement and/or improve procedures for reconciling stock computers with the computers invoiced.

NOPD Comment: *“NOPD was able to verify the existence of the computer delivered to headquarters and being uses as Crime Analysis Workstation supporting the Omega Crime System/CopLink. However, the serial number on this equipment did not correspond to the supplying vendor’s invoice.*

In the future, when equipment is purchased with grant funding, the NOPD Grants Administrative Unit will be required to double check invoices/purchase orders against actual equipment delivered by the City’s vendor to ensure the serial numbers match. Photographs will be taken of the equipment as well.

¹⁴ 28 CFR 66.32 (d)(1).

Program Managers will be instructed to notify Grants Administrative Unit when equipment is no longer used and/or broken and transferred to the City Hall service office for reimaging. This is another opportunity for the equipment to be substituted.”

III. CONCLUSION

For the STEP grant, overtime was under-billed by \$59,235. The NOPD should work with the City's ITI department to obtain corrected reports for billing the overtime grants in order to collect all amounts due.

Supervisors did not verify that tickets listed on grant TRIP sheets were issued or submitted to traffic court. NOPD supervisors should ensure that officers submit tickets for all citation numbers included on their TRIP sheets.

The serial numbers were not matched to the grant documentation for computers purchased through grant funding. Processes should be developed and coordinated with the City to ascertain that documentation with correct serial numbers is provided to NOPD for all computers issued.

Correcting weak grant process controls should ensure that NOPD is in compliance with all grant agreements. Non-compliance with the grant agreements could lead to loss of current and future funding.

IV. GLOSSARY OF TERMS

1. **Association of Inspectors General (AIG)** – An association formed in 1996 “to provide leadership in the promotion of integrity efforts in government.”¹⁵
2. **Cause** – An element of a finding that explains why the condition (see below) happened.
3. **Condition** – An element of a finding that explains what happened.
4. **COPS Hiring Grant** – A \$2.7 million U.S. Department of Justice Community Oriented Policing Services (COPS) grant awarded to pay salaries for 16 new police officers for three years beginning in September of 2011.
5. **COPS Hiring Recovery Grant** – A \$2.52 million U.S. Department of Justice COPS grant awarded to pay salaries for 15 new police officers for three years beginning in July 2009.
6. **COPS Technology Grant** – A \$654,710 U.S. Department of Justice COPS grant awarded to purchase equipment. This grant began in December 2007 and ended December 2013. The NOPD purchased mobile video units (MVUs), DVD burners, computers, and other technology related equipment.
7. **Criteria** – An element of a finding that states what is required.
8. **Edward Byrne Memorial Justice Assistance (JAG) Grant** – A \$1.35 million U.S. Department of Justice grant awarded for the purchase of mobile video unit (MVU) upgrades, lapel microphones, and other equipment. The grant began in March 2009 and ended in February 2014.
9. **Effect** – An element of a finding that states the impact of the condition.
10. **Finding** – Findings in a performance audit can be any one or a combination of the following:¹⁶
 - a. Significant deficiencies in internal control,
 - b. Fraud and illegal acts,
 - c. Violations of contract and grant agreements, and/or
 - d. Abuse.

Each finding contains five elements: condition, criteria, cause, effect, and recommendation.
11. **Generally Accepted Government Auditing Standards (GAGAS)** – The standards used to conduct governmental audits as recommended by the General Accounting Office (also referred to as the “Yellow Book”).

¹⁵ Inspectorsgeneral.org/about/.

¹⁶ General Accounting Office. (July 2007 Revision). Government Auditing Standards United States Government Accountability Office by the Comptroller General of the United States.

12. **General Accounting Office (GAO)** – An agency within the U.S. Government responsible for writing the “Yellow Book.”
13. **Grant Award** (award) – The maximum amount of money the entity is entitled to receive from a grantor within a specified time frame for a specified purpose.
14. **NOPD Overtime Pay** – NOPD officers earn overtime pay for time worked in excess of 85 hours and 50 minutes in a two-week pay period. Vacation and sick leave do not count toward the overtime threshold.
15. **Observation** – Observations emphasize a matter that may or may not affect the quality of the organization’s operations. Observations are not findings and do not require a response from the entity.
16. **Office of Criminal Justice Coordination (OCJC)** – An office within the City that receives grants awarded to the Mayor’s office and distributes the awards to criminal justice organizations. The OCJC provides grants to organizations such as: the City Attorney, Criminal Court, Juvenile Court, Orleans Parish Sheriff’s Office, the NOPD, the Public Defender, and the New Orleans Police and Justice Foundation.
17. **Overtime Shift** – An assignment an officer volunteers to work in addition to their regular tour of duty.
18. **Police Traffic Services/ STEP Grant** – A \$746,515 U.S. Department of Transportation grant passed through Louisiana Highway Safety Commission (LHSC). The grant provided \$383,000 in overtime pay for additional enforcement patrols related to drunk driving, occupant protection (seat belt compliance), and underage drinking. Additionally, the grant provided \$363,515 toward traffic safety equipment including a breath alcohol testing unit (BAT mobile) and radar guns. The grant began in October 2010 and ended in September 2011.
19. **Recommendation** – An element of a finding that provides suggestions to correct a condition.
20. **Significant** – A “judgment call” by the auditor that is usually based upon the frequency and magnitude of the deficiency or condition.
21. **Standards for Offices of Inspector General** – The standards contained in the GAO’s *Standards for Internal Control in the Federal Government* (Also referred to as “The Green Book”)
22. **Tour of duty** – The police officer’s scheduled work hours which include roll call, patrol, court time, etc.
23. **TRIP sheet** – Each officer fills out a TRIP sheet daily. The sheet details the hours the officer worked and the activities performed, including tickets issued.

24. **U.S. Generally Accepted Accounting Principles (GAAP)** – The standard guidelines used in financial accounting in the United States.

V. OFFICIAL NOPD COMMENTS

City Code Ordinance 2-1120 section (8)(b) “Prior to concluding an audit or evaluation report, which contains findings as to the person or entity which is the subject of the audit or evaluation, the Office of Inspector General shall provide the affected person or entity with an Internal Review Copy of the report. Such person or entity shall have 30 days from the electronic transmittal date of the report to submit a written explanation or rebuttal to the findings before the report is finalized, and such timely submitted written explanation or rebuttal shall be attached to the finalized report.”

An Internal Review Copy of this report was distributed to the NOPD on March 28, 2014 to provide an opportunity to comment prior to the public release of the Final Report. The comments were due and received on April 28, 2014. The NOPD’s comments are included in the body of this report behind each finding and in its entirety behind this section.



Mitchell J. Landrieu
MAYOR

CITY OF NEW ORLEANS

DEPARTMENT OF POLICE

P.O BOX 51480
New Orleans, Louisiana 70151

“to protect and to serve”



Ronal W. Serpas, Ph.D.
SUPERINTENDENT

April 28, 2014

Ed Quatrevaux, Inspector General
Office of the Inspector General
City of New Orleans
525 St. Charles Avenue
New Orleans, LA 70130-3049

RE: **New Orleans Police Department (NOPD) Grants Performance Audit**

Dear Inspector General Quatrevaux:

Thank you for giving the New Orleans Police Department the opportunity to review and comment on your report titled “*New Orleans Police Department (NOPD) Grants Performance Audit.*” We appreciate the work done by your staff in compiling this report, as well as the level cooperation shown by those involved. Following are our detailed responses to your findings:

Finding #1:

Condition: “*The NOPD incorrectly billed for officers’ overtime in 86 of the 90 patrols tested on STEP grants. The NOPD under-billed 74 out of 90 patrols and over-billed 12 out of 90 patrols tested...*”

Recommendation: *The NOPD should correct grant billings.*

Department’s Response:

It is our understanding that OIG auditors used a payroll report (*HHR5300*) produced and generated through the City’s Office of Information Technology & Innovation (ITI) in making their determination, while the New Orleans Police Department uses cycle cost report (*HUNPP10*) for grant billing. We believe billing issues referenced by the OIG finding can, to some extent, be attributed to the anomalies between these two separate payroll reports.

The payroll report used by NOPD captures activity by budget codes that are specifically related to particular grant activity which affords this agency an advantage in calculating associated personnel reimbursement costs. The use of the HUNPP10 cycle cost report has been in practice for approximately thirty years and this report is provided to NOPD on a bi-weekly basis also by the City’s ITI Department.

Due to the complexities associated with the *FLSA 171 Pay Cycle* that police personnel fall under, there does exist the possibility that under-billing and over-billing fluctuations can occur across the life of a grant. In some cases, under-billing can result from the City absorbing half-time cost when an officer uses any type of leave during a work cycle. Similarly, over-billing can result from an employee submitting a payroll adjustment form after a payroll cycle has been processed and the grant has been billed.

The current cycle cost report that is used for billing, even though somewhat dated, does provide both the grantor and City with a reasonable level of assurance in reimbursement calculations. The unavoidable limitations of current mainframe programming in estimating personnel costs are constantly considered and factored in to minimize errors associated to reimbursement billings. As the City approaches the final stage of its transition to the modernized ADP Payroll System, under-billing and over-billing issues will more easily be avoided by allowing access to 'real-time' personnel cost data.

Finding #2:

Condition: "An officer submitted fictitious tickets for his entire overtime shift."

Recommendation: The NOPD should develop procedures to ensure that officers are not able to submit false documents and that officers submit tickets for all citation numbers included on the TRIP sheet.

Department's Response:

The officer in question retired from active service in May of 2011 and now serves as a member of the NOPD Reserves. Based on the allegation of possible misconduct, the Public Integrity Bureau has been instructed to initiate a formal investigation into this matter. The total estimate of overtime paid to this officer related to this incident through grant funding was \$90.00. This information has been brought to the attention of the grant provider and we are awaiting a response as to how, or if, they wish to proceed with reimbursement.

We believe it is important to note that the New Orleans Police Department has and continues to make great strides in accountability and supervisory oversight. In a similar incident involving grant overtime, a supervisor both discovered and reported his concerns regarding possible fraudulent traffic tickets being issued. In that instance, members of the NOPD Public Integrity Bureau conducted a covert sting operation which subsequently resulted in the arrest and conviction of this officer found to be falsifying documents.

The Department is considering additional safeguards to prevent future incidents from occurring. All officers working grant overtime related to traffic enforcement will be required to use a personal issue citation book. The citation book will be recorded and documented on a spreadsheet for cross referencing each citation issued. The supervisor and grant project manager shall be required to verify citations written and document their legitimacy prior to overtime being paid and grant reimbursement billing.

Finding #3:

Condition: "NOPD was unable to locate the computer listed and purchased with the COPS Technology grant."

Recommendation: The City should implement and/or improve procedures for reconciling stock computers with computers invoiced.

Department's Response:

NOPD was able to verify the existence of the computer delivered to headquarters and being used as Crime Analysis Workstation supporting the Omega Crime System/CopLink. However, the serial number on this equipment did not correspond to supplying vendor's invoice.

In the future, when equipment is purchased with grant funding, the NOPD Grants Administrative Unit will be required to double check invoices/purchase orders against actual equipment delivered by the City's vendor to ensure the serial numbers match. Photographs will be taken of the equipment as well. Program Managers will be instructed to notify Grants Administrative Unit when equipment is no longer used and/or broken and transferred to the City Hall service office for reimaging. This is another opportunity for the equipment to be substituted.

We would like to again extend our appreciation to the Office of the Inspector General for providing this agency an opportunity to comment. We commend all of the members of your staff participating in this review for their thoroughness and professionalism.

Sincerely,



Ronal W. Serpas
Superintendent of Police

cc: First Deputy Mayor & CAO Andrew Kopplin
Deputy Mayor Jerry Sneed
Deputy Superintendent Stephanie Landry
File