



April 18, 2011

TO: Ken Miller, Chief of Police
FROM: Internal Audit Division
SUBJECT: 2009 JAG ARRA Review for Quarter ending March 31, 2011

The Internal Audit Division has completed a review of the 2009 Byrne Justice Assistance Grant (JAG) as part of the 2009 American Recovery and Reinvestment Act (ARRA) for the quarter ending March 31, 2011. The JAG ARRA funds were part of an award by the Department of Justice to the City of High Point. The funds can be used for personal services (such as salaries, wages, and fringe benefits), conferences and workshops, food and beverages, travel, space (rental costs, maintenance and operations, and rearrangements and alterations), printing, publication, duplication, and production. The following items are allowed also, but must have prior approval: automatic data processing equipment and software, criminal justice information and communication systems, equipment and capital expenditures, preagreement funds (costs spent prior to the award date), proposal costs, consultant rates, interest expense, foreign travel, and indirect costs. Unallowable costs include: land acquisition, federal employee compensation, federal employee travel, bonuses or commissions, military-type equipment, lobbying, fundraising, corporate formation, and state and local sales taxes. Additional unallowable items include: entertainment, sporting events, fines and penalties (unless incurred as a result of compliance with a specific provision of the award), visas, passport changes, tips, alcoholic beverages, conference and workshop costs in excess of the federal per diem, membership fees to lobbying organizations, and premium pay.

In Fiscal Year 2009-2010 the City received a total of \$949,813.60 from the City of High Point as a pass through from the Department of Justice. As of March 31, 2011, \$188,130.25 has been spent.

The objectives of our review were to:

- Verify that there is a signed grant agreement in place with the Department of Justice.
- Verify that the quarterly report is complete and accurate and matches the general ledger figures.
- Verify that sampled expenditures were correctly document and substantiated in agreement with ARRA guidelines.
- Verify that all capital assets purchased within the time frame have been capitalized according to the capital asset guidelines.

Grant Agreement

The grant agreement is between the High Point Police Department and the Department of Justice for a total of \$1,708,424. The money is split between High Point, Greensboro, and Guilford County in the amounts of \$322,921.60, \$949,813.60, and \$435,688.80, respectively. The funds for the City of Greensboro are for equipment, hand-held communication radios, and the purchase of 15 patrol vehicles that are fully equipped. The agreement includes standard assurances including: lobbying, debarment, suspension, and drug-free workplace as well as a Certification for Recovery Act Reporting. In addition, the three parties signed an interlocal agreement certifying that each party would use the funds as promised in the contract with Department of Justice. The City has also created an ARRA Rider specific to the Department of Justice to be used with any contracts.

Quarterly Reporting

The quarterly report was filed with federalreporting.gov on April 5, 2011. The funds were awarded to Greensboro from the City of High Point on August 19, 2009 in the amount of \$949,813.60. As of the quarter ending March 31, 2011

\$188,130.25 has been spent. The report is in agreement with the Budget & Cost of Operation Statement. In addition to the federal reporting.gov, Courtney Hemphill, Grant Analyst for Police Fiscal Management, sends a progress report to the High Point Police Department for their use in reporting.

Sampled Expenditures

We sampled 10% of the total expenditures for the period ending March 31, 2011. Among the expenditures sampled were 30 gas masks, 30 ballistic helmets, and assorted clothing. According to Gary McNabb, Supervisor of Police Supply/Fleet, all of the items sampled have been put into service and assigned to the new Police recruits. All of the items sampled appeared on the original list of purchases under the contract and appear to be eligible under the 2009 Financial Guide.

Capital Assets

Thirty-five communication radios were purchased from Motorola and booked as capital. However, the radios fall under the capitalization threshold of \$5,000. According to Christina Smith, Accountant in Finance, this is a result of the original purchase order and should be moved to the Small Tools and Equipment account by year end. As of now, the items have not been capitalized and are awaiting issuance within the next six months as part of the fleet subscriber replacement, per Tom Murphy, Management Consultant for Guilford Metro 911.

We would like to thank the Police Department for their assistance and cooperation during this review. If there are any questions concerning the details of this review, please call us at 373-2230.



Kimberly Strickland
Internal Auditor



Len Lucas
Internal Audit Director

cc: Bob Morgan, Deputy City Manager
Michael Speedling, Assistant City Manager for Human Resources & Public Safety
Chris Walker, Assistant Police Chief of Resource Management