



AUDIT OF GRANTS MANAGEMENT

ABSTRACT

Grant management activities are decentralized. Adoption of a City-wide grant policy would bring consistency and control over grants activities. In addition, improvement in controls and record keeping by departments would provide greater quality assurance and potentially improve overall management of grants.

Internal Audit Department



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Audit at a Glance

Why we did this Audit:

Between fiscal years 2016-17 and 2018-19, the City of Denton received \$58.5 million in grants funding from several State and Federal agencies. In order to continue receiving these funds, the City must ensure that it complies with all grant conditions and requirements. This audit was included on the City's fiscal year 2019-20 Audit Plan as approved by the City Council.

What we Recommend:

Recommendation 1

Finance should incorporate best practices into the proposed grant policy.

Recommendations 3, 6, & 10

Engineering, Fire, & Police should develop a process for centrally sharing grants information with their department's Grant Administrator.

Recommendations 4 & 8

Fire & Police should formalize the process and authority for approving grants and entering into a memorandum of understanding or agreement to ensure grant conditions are documented.

Recommendations 2, 5, & 9

Engineering, Fire, & Police should establish procedures and define responsibilities for managing all grants and funding programs.

Recommendation 7

Community Development should codify the grant expense and reimbursement review process by the City's Grant Accountant.

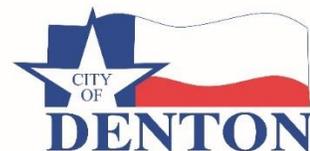
What we Found:

In general, this audit reviewed grant administration and management processes for eight City departments including the four with significant grant funding: Engineering Services, Community Development, Fire, and Police. The Finance Department has recently begun developing a City-wide grant directive which should be implemented in the next few months. Findings are summarized below:

Decentralization. Grant management activities are decentralized throughout the City and are further decentralized in the Engineering, Fire, and Police departments. This has resulted in grant information being difficult to retrieve or lost in some departments. Centralization of grants information would facilitate reporting and may help staff manage projects more effectively in the future by providing a reference .

Unclear Grant Conditions & Requirements. In two of the departments reviewed, Fire & Police, not all grants or funding programs had a document outlining the grant's requirements or conditions. Without these documents, departments risk not complying with grants conditions which could result in the rejection of reimbursement requests or loss of grant funding.

Departmental Policies and Procedures Needed. The Departments reviewed, with the exception of Community Development, do not always have established processes for managing their grants and funding programs. Establishing grant administration processes and clearly defining roles for those involved would reduce the likelihood of unintentional errors, improve consistency, and help retain institutional knowledge. Key controls include: defined approval authority, supervisory reviews for allowability, clear reporting requirements and responsibility, and reviews of reimbursement submissions by Accounting.



Introduction

The City Auditor is responsible for providing: (a) an independent appraisal¹ of City operations to ensure policies and procedures are in place and complied with, inclusive of purchasing and contracting; (b) information that is accurate and reliable; (c) assurance that assets are properly recorded and safeguarded; (d) assurance that risks are identified and minimized; and (e) assurance that resources are used economically and efficiently and that the City's objectives are being achieved.

The Internal Audit Department has completed a performance audit of the grants management process. 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.

Management Responsibility

City management is responsible for ensuring that resources are managed properly and used in compliance with laws and regulations; programs are achieving their objectives; and services are being provided efficiently, effectively, and economically.

Audit Objectives, Scope, and Methodology

This report is intended to provide assurance that the City's resources are being used economically and efficiently by evaluating the effectiveness of controls over grants management and administration activities.

Audit fieldwork was conducted during February and March of 2020. The scope of review varied depending on the procedure being performed. The following list summarizes major procedures performed during this time:

- Reviewed documentation to develop criteria including industry standards, best practices, policies, and procedures;
- Developed process narratives for the Community Development, Fire, and Police departments to identify current control activities that were certified by the respective staff handling grant administration activities;
- Obtained the details of grant revenues received during the last three fiscal years and selected a sample of grants based on revenue recorded in the books of account;
- Reviewed grant application and management policies and procedures and interviewed department staff for selected grants;
- Reviewed the expenditures and reimbursements of selected grants to determine the adequacy of internal controls concerning the allowability of expenditures and claiming of reimbursements; and

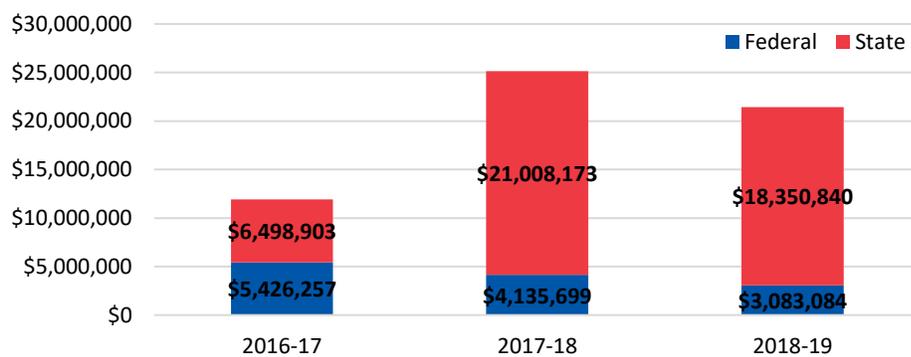
¹ The City of Denton's Internal Audit Department is considered structurally independent as defined by generally accepted government auditing standard 3.56.

- Identified and verified compliance with conditions of selected grants and applicable laws and regulations.

Background

Grants² are financial assistance given by a government, organization, or person for the accomplishment of specific purposes or activities. The City of Denton is awarded grants for a wide variety of activities such as community development services, law enforcement, homeland security, public safety, public services, recreation, infrastructure improvement, and maintenance. Grants are utilized throughout the City’s departments based on the requirements and available opportunities. The City has earned grant revenues during the last three fiscal years as given below:

Figure 1: Federal and State Grants (FY17 through FY19)



This audit covers an overview of the grant application and management processes in the City. The grant application and management activities of the City’s departments have generally been divided into three phases:

Figure 2: Phase-wise Grant Activities



Departments identify grant opportunities based on their needs and apply for grants subject to their eligibility and the respective grant’s requirements. After approval of grants, departments execute and manage grants under the grant’s conditions and compliance requirements.

Departments’ assigned personnel are responsible for the overall grants’ execution and management activities such as preparing financial reports, preparing and submitting drawdowns,

² Includes money received by City departments under different funding programs and agreements with various federal and state agencies and governments.

and monitoring grants expenditures and grants' activities. Supervisory level personnel are ultimately responsible for ensuring that grants are managed per the grant agreement, conditions, and applicable regulations.

Accounting also plays an important role in grants management and administration activities. The Accounting Division has a fully devoted Grant Accountant for grant accounting and financial reporting activities. City departments coordinate with the Grant Accountant for grants administration activities. The Grant Accountant reviews the reimbursement claims and reconciles the expenses incurred under the grant from time to time. The Accounting Division also coordinates with the external auditors for the federally required Single Audit of grants conducted annually.

Glossary of Grants

The following glossary of grants has been provided as reference material:

Ambulance Services Uncompensated Care Cost Program authorizes governmental ambulance providers to claim uncompensated care costs.

Chapter 59 Asset Forfeiture Award Program of the Texas Code of Criminal Procedures provides provisions for the use of proceeds and property forfeited to law enforcement agencies.

Community Development Block Grant Program provides annual grants on a formula basis to states, cities, and counties to develop viable urban communities by providing decent housing and a suitable living environment and by expanding economic opportunities, principally for low- and moderate-income persons.

Dallas/Fort Worth/Arlington (D/FW/A) Urban Area Security Initiative (UASI) State Homeland Security Grant Program is run by the Texas Office of the Governor to support state and local agencies in their efforts to prevent terrorism and other catastrophic events.

Domestic and Sexual Violence Initiative Grant funds increased efforts to identify, address, and prevent gender bias in response to an investigation of sexual assault and domestic violence, including stalking as well as domestic and sexual violence perpetrated by law enforcement.

Emergency Management Performance Grant (EMPG) Program provides Federal funds to states to assist state, local, territorial, and tribal governments in preparing for all hazards.

Emergency Solutions Grant (ESG) program provides funding to engage homeless individuals and families living on the street, improve the number and quality of emergency shelters for homeless individuals and families, and other related purposes.

High Speed Grinder & Low Speed Shredder Grants help to acquire a 'High Speed Grinder' and 'Low Speed Shredder' for the City's use for source reduction and recycling operations to increase operational efficiency.

HOME Investment Partnerships Program (HOME) provides formula grants to states and localities that communities use – often in partnership with local nonprofit groups – to fund a wide range of activities including building, buying, and rehabilitating affordable housing for rent or homeownership or to provide direct rental assistance to low-income people.

Interlibrary Loan Lending (ILL) Reimbursement Program helps support Texas libraries with partial reimbursements for direct, out-of-pocket costs associated with participating in statewide resource sharing such as staff time, postage, courier, and shipping material costs.

National Urban and Urban Search & Rescue Response Systems were established under the authority of the Federal Emergency Management Agency (FEMA) as a framework for organizing federal, state, and local partner emergency response teams as an integrated federal disaster response task force.

Sexual Assault Examinations Reimbursements are provided by the Texas Attorney General for the forensic and medical costs of sexual assault exams through the Crime Victims' Compensation (CVC) Program.

Regional Toll Revenue (RTR) Program expedites regional transportation projects by providing needed funding to municipalities.

Routine Airport Maintenance Program (RAMP) is an annual grant provided by the State of Texas for "lower-cost" airside and landside airport improvements.

Selective Traffic Enforcement Program (STEP) Grant reimburses local law enforcement overtime activities to reduce crashes by focusing enforcement efforts on high-crash areas called Enforcement Zones.

Staffing for Adequate Fire & Emergency Response (SAFER) Grant provides funding directly to fire departments and volunteer firefighter interest organizations to help them increase the number of trained, "front line" firefighters available in their communities.

U.S. Marshals Violent Offenders Task Force Program reimburses overtime work hours and other specified expenditures to provide for a coordinated approach to arrest and prosecute persons with active state and federal warrants with the United States Marshals Service.

What Works Well

Throughout this report, the auditors have reviewed the grants application and management processes adopted by departments and compared them with the industry’s best practices. While each grant is different and has different execution requirements, this audit broadly reviewed the following:

- Application & Approvals
- Allowability of Expenses
- Subrecipient Monitoring
- Review and Submission of Reimbursement Claims
- Legal Compliance & Submission of Required Reports
- Matching Requirements

The auditors reviewed selected grants administered by City departments to ensure the existence of adequate controls and effective compliance with grant conditions. The auditors also reviewed the Single Audit³ reports issued by external agencies for last three fiscal years and did not find any qualification in the reports. Grant revenue⁴ received by the selected departments is given below:

Table 1: Departments’ Grants Revenue for the Last Three Fiscal Years

Departments	2016-17	2017-18	2018-19	Total
Engineering Services	\$5,724,090	\$20,736,081	\$17,932,036	\$44,392,207
Fire	\$1,482,798	\$1,675,334	\$1,646,674	\$4,804,806
Community Development	\$1,099,592	\$1,746,720	\$1,210,220	\$4,056,532
Police	\$313,497	\$579,444	\$509,125	\$1,402,066
Facilities	\$1,086,685	\$212,273	\$30,835	\$1,329,793
Airport	\$704,175	\$49,995	\$50,000	\$804,170
Solid Waste	\$582,572	-	-	\$582,572
Library	\$20,246	\$32,149	\$35,034	\$87,429
Other – Not Reviewed	\$911,505	\$111,876	\$20,000	\$1,043,381
Total:	\$11,925,160	\$25,143,872	\$21,433,924	\$58,502,956

Subrecipient Monitoring Activities were Effectively Managed

Government Finance Officers Association (GFOA) best practices recommend establishing a subrecipient process to provide administrative monitoring including periodical, timely reporting, and adherence to compliance requirements. Federal regulations⁵ require monitoring of subrecipient activities to ensure that the subaward is used for authorized purposes, in compliance with statutes, regulations, and subaward conditions and is achieving performance goals. Effective monitoring of subrecipient activities reduces the risk of losing a grant due to non-compliance with the grant’s conditions.

Ten grant subrecipients⁶ were selected for testing based on a review of monitoring activities performed by City departments. The auditors found the following:

³ All non-federal government agencies and nonprofit organizations that expend \$750,000 or more in federal awards in a given fiscal year are required to obtain a Single Audit (also referred to as an independent financial audit) – Uniform Guidance (2 CFR § 200).

⁴ Source: SEFA (Schedule of Expenditures of Federal Awards) for fiscal years 2016-17, 2017-18 & 2018-19.

⁵ Subrecipient Monitoring and Management Regulations – §200.330 Subrecipient and Contractor Determinations.

⁶ Community Development Department (9 subrecipients) & Police Department (1 subrecipient).

- Subrecipient activities are monitored through a well-defined process or service agreement that contains guidelines for subrecipients to apply and administer the grant including terms of application, obligations, responsibilities, expenses, reimbursements, and monitoring in line with the grant's terms and conditions.
- Services agreements have been executed between the respective department and subrecipients with City Council approval.
- Subrecipient activities and expenses are monitored by the program manager or assigned staff periodically per the provisions of the subrecipient monitoring process. Site monitoring is also conducted by assigned staff when required by the grant's terms and conditions.
 - Monitoring of subrecipient activities and expenses is done through a monthly or quarterly reporting system. The subrecipient submits a detailed report to the concerned department with the details of the activities completed under the grant against the key required activities.

Opportunities for Improvement

The City's application and grant management processes are decentralized. In addition, City departments had minimal guidance from the City's administration regarding the application and management of grants between Fiscal Years 2016-17 and 2018-19. Internal controls and procedures followed by City departments vary depending on the department practices and grant conditions. An effective internal control framework consists of practices and procedures that provide reasonable assurance regarding efficiency and effectiveness of operations, reliable financial reporting, and compliance with laws, regulations, and policies.

Due to the size of their grant programs, recommendations have been made to the Engineering Services, Fire, Community Development, and Police Departments as well as the Finance Department. In addition, we reviewed five grants from the following departments: Facilities Services, Airport, Solid Waste, and Library Services. These departments receive a small number of grants in comparison and may or may not receive grants revenues annually depending on available opportunities. Specific findings for these grants are detailed in **Appendix C**.

GFOA Best Practices

The Government Finance Officers Association (GFOA) recommends that governments create both a grant policy and a grant administrative oversight committee for approval of grants to ensure effective administration of the grant's activities. The Grant Policy should:

- Outline the steps taken for the identification and application of grants;
- Include a requirement that the staff obtain a detailed understanding of grant terms and conditions; and
- Specify how the grant will be monitored.

The GFOA recommends that the Grant Oversight Committee be both interdisciplinary and permanent and comprise at minimum of: the chief financial officer (CFO); budget manager; assistant municipal manager, or equivalent; internal auditor, or equivalent; grants administrator or coordinator; and at least one department head.

The GFOA also recommends that governments create formal processes to encourage compliance with grant conditions and requirements in a consistent manner. Grants typically come with significant requirements, and compliance with grant conditions is crucial to receive continuous support from the grantors. The GFOA recommends that these processes should include requirements such as monitoring grants' terms and conditions, training requirements, internal controls, a communication process, record keeping, reporting requirements, and a sub-recipient monitoring process to have an appropriate grant management framework.

The most widely recognized source of guidance on internal controls is the Committee of Sponsoring Organizations (COSO), which updated its classic Internal Control-Integrated Framework in 2013. The GFOA recommended internal control best practices for grants based on COSO's five essential components of a comprehensive framework of internal control, which has been consolidated by the auditors into a chart (**Appendix B**).

What We Found

- The City does not have a centralized standardized process for identification, application, and administration of grants by the City departments. The City's grants functions and activities are administered independently by each department applying for the grant. There is not an established requirement for obtaining City Council's or any other committee's approval when applying for grants.
 - The Accounting Division is currently in the process of implementing a centralized grant policy for City departments.
- The City departments covered under the scope of this audit, except Community Development, do not have formally implemented policies or processes for the application and administration of grants, including internal controls over compliance with grant conditions.
 - Each grant is administered and managed by the respective department based on the conditions and compliance requirements of the respective grant agreement or memorandum of understanding.⁷
- Neither the City nor the departments have formally established any training requirements for staff administering grants.
- A few departments do not have a centralized database or an adequate record-keeping system because grant activities are decentralized in the department itself. In some cases, grant records were not adequately maintained, and necessary documentation could not be located.

Why It Matters

Although the City has successfully received large amounts of grant funding every year, there are currently no established requirements for identifying and properly assessing grants before application. There may be potentially missed opportunities for available grant funding without a formal process or policy. The GFOA best practices recommend that the City's grant applications should be consistent with City's mission, strategic directions, and objectives rather than merely supplemental funding for departments. If not consistent, there is a risk that the City's valuable resources may be wasted.

Firstly, establishing a city-wide grants management policy would enable City departments to explore, identify, and assess grants that are consistent with the City's mission and strategic plans. An established, city-wide policy or process would improve the control framework for grants administration and would provide clear guidance to staff on how to administer grants effectively.

Requiring departments to establish a project plan or grant program for each grant would strengthen the control over grant administration activities and reduce the risk of non-compliance with grant conditions. These plans should define the steps and parties responsible for each grant along with associated timelines.

⁷ A memorandum of understanding is an agreement between parties that expresses a convergence of will and indicates an intended common line of action.

Secondly, establishing a centralized grant oversight committee to review grant requirements, multi-year benefits, and cost-benefit analyses before applying would avoid the risk of unexpectedly spending the City's funds to support a grant. Moreover, requiring City Council approval before applying for grants would bring consistency and provide greater assurance that funds are spent in accordance with the City's mission and strategic plans.

Thirdly, understanding and executing a grant's requirements efficiently is essential to grant administration. Grants generally involve varied, complex requirements and need expertise for administration. Attending grant administration training would help increase the skills and knowledge base of staff involved in the administration of grants.

Finally, a centralized database of City-wide grants would help coordination among different departments when identifying and applying for grants. Centrally maintaining a city-wide grants database would also bring consistency in record keeping and would help in effective reporting.

Recommendation:

1. Incorporate the following best practices in the proposed grant policy:
 - a. Standardize the process for identification and application of potential grants including requiring of City Council to approve grant applications.
 - b. Require departments to create a project plan or grant program with timelines and parties responsible for implementing the steps of the plan for each grant.
 - c. Create a Grant Oversight Committee to review and approve grants based on grant requirements, multi-year benefits, and cost-benefit analysis.
 - d. Require City departments' staff to identify and attend applicable grant training opportunities when available.
 - e. Establish a central database of grants data and documentation and require departments' Grant Administrators to share grant data documentation to this database.

Finance Department Comments:

Recommendation 1a., 1b. & 1c.

The Finance Department identified grant administration as an opportunity for improvement in 2019. An administrative directive for grants was drafted and shared with internal audit. The document was submitted to the Legal Department for review on January 24, 2020. Finance also contacted the Policy Review Committee and asked for their review when the document is approved by Legal. The items identified in section 1a, 1b, and 1c, are all included in the administrative directive.

Recommendation 1d.

Since all grants are different, most agencies offer their own training resources specific to the grants they provide. This training gives direction on the requirements for grant administration and reporting. The Finance Department is registered with several entities that provide grant training. We will communicate those opportunities to the departments when classes are available. The Finance Department will also provide training when rolling out the administrative directive to employees. This training will communicate concepts and expectations for those that work with grant programs for the City.

Recommendation 1e.

The grant administrative directive as written includes a tracking spreadsheet identifying the name of the grant, person responsible, and other relevant information for reporting. As the process continues to evolve, including comments and best practices from this review, Finance will work to develop a reporting tool like that used for Capital Project Reporting.

Engineering Services Grants

The City applies for Regional Toll Revenue (RTR) funding programs through the North Central Texas Council of Government (NCTCOG) and administered by TxDOT. Funds are received in advance for eligible projects, but revenues are deferred until the relevant expenses are incurred. The auditors selected the following funding programs for review.

Table 2: List of Selected Engineering Services Funding Programs

Grant	Grant Period	Awarded Amount
RTR-Mayhill Road - From IH35 East to US 380	2016-17 - 2018-19	\$27,951,115
RTR-Bonnie Brae Road - From IH35 East to US 377	2016-17 - 2018-19	\$10,807,950
RTR-ITS Communication Trunk Lines	2016-17 & 2017-18	\$213,077
RTR-McKinney Street (Formerly FM 426)	2016-17 & 2017-18	\$1,336,447
		<u>\$40,308,589</u>

Most active construction project expenses were examined during Internal Audit’s “Capital Projects Administration” audit series, which was published in May of 2020. Moreover, an outside audit of the City’s funding projects with NCTCOG is ongoing. Therefore, only a limited review of Engineering Services’ funding programs was performed to avoid duplication of efforts.

What We Found

- Based on the review of available documents and information, it was observed that the Engineering Department generally follows adequate grant management processes, however, there is no documented grant management procedure or policy. In addition, funding agreements have been entered into with the Texas Department of Transportation (TxDOT) with City Council’s approval.
- A Standard Operating Procedure is in place to request funding for projects or expenses and to request budget transfers by Project Managers. Engineering Service has a tracking procedure in place to monitor the matching requirements for projects. Matching requirements are observed by the assigned Project Manager and Deputy Director of Capital Projects in collaboration with Accounting.
- Assigned Project Managers, in association with other involved staff, ensure the compliance of applicable laws.
 - Environmental review and public involvement requirements under state and federal laws as required under each respective funding agreement have been followed.
 - As per the funding agreements requirements, the City is required to file monthly expense reports to NCTCOG. Engineering staff stated that due to personnel changes,

these reports have not been filed for several years. This appears to be due in part to NCTCOG's Revenue and Project Tracking System being offline. In 2019, the Engineering Department requested assistance from Accounting to submit these reports.

- As per information received from the Assistant Controller, the City has reached a consensus with NCTCOG and Denton County officials to account for all the previous reports and develop a process for future reporting on all projects.

Why It Matters

In the absence of a formal city-wide or department-level policy for the application and administration of grants, the assigned staff does not receive adequate guidance to effectively administer grant activities. The City receives millions of dollars in state funding annually for its different construction projects, which are managed by the Engineering Services Department. If a funding program's specific requirements and conditions are not met, the City risks having to return some or all of the received funds.

Establishing controls over grant administration through a codified process would ensure efficient and effective grant administration by the assigned staff and would also reduce the likelihood of unintentional errors and fraud. Furthermore, checks and balances over compliance with grant conditions and applicable laws would boost the confidence of the grantor and would reduce the risk that the grantor may discontinue funding.

Finally, adopting a formal process for sharing and maintaining a centralized control matrix and database would improve reporting and ensure adherence to grant conditions. In addition, this database could be used as a reference to help staff manage future projects effectively.

Recommendations:

2. Establish a specific program manual for each funding program that identifies and lists the program's specific requirements and compliance conditions. The grant program manual should establish procedures and define responsibilities for the approval of program expenses, execution of activities and reimbursements, and compliance with applicable laws. This manual should also formally require program reimbursement claims to be reviewed by the Grant Accountant before submission with the grantor.

Engineering Services Comments: *Capital Projects is working with Finance to establish a written procedure manual for requesting funding, how these funds will be managed and the reporting requirements of each funding sources. All facets of the project life cycle will be covered from the initial discussion to final closeout and audit.*

3. Codify a formal process for sharing grants data and documentation in real-time with the Department's Grant Administrator to provide a centralized database of grants.

Engineering Services Comments: *Capital Projects is working with Finance as they automate the grant reporting and modification processes. This will allow all staff to have a current status as well as review any and all status updates on each grant. Capital Projects staff is expecting automation to begin in July and continue through the end of the calendar year.*

Fire Grants

The auditors selected nine sample grants for review based on the grant’s revenue received by the Fire Department during the last three fiscal years.

Table 3: List of Selected Fire Department Grants

Grant	Grant Period	Awarded Amount
Ambulance Services Uncompensated Care Cost	2017-18	\$805,058
Ambulance Services Uncompensated Care Cost	2018-19	\$511,100
Staffing for Adequate Fire & Emergency Response (SAFER) Grant	2018-19	\$510,687
National Urban Search & Rescue Response System	2016-17	\$245,256
Urban Search & Rescue Response System (TEEX)	2018-19	\$193,560
2016 DFWA-UASI State Homeland Security Program	2017-18	\$130,000
National Urban Search & Rescue Response System (TEEX)	2018-19	\$121,811
Emergency Management Performance Grant	2018-19	\$40,009
2015 DFWA-UASI State Homeland Security Program	2016-17	\$2,352
		<u>\$2,559,833</u>

What We Found

- Grant activities are decentralized within the Fire Department and there is no formal, department-wide grant policy or procedure in place for the application and administration of grants. The Fire Chief explores and identifies grant opportunities for the department.
 - The Fire Chief designates a supervisory level fire officer as a program manager to apply for and administer the identified grant. This program manager is responsible for complying with all conditions of the grant program or agreement.
 - The Fire Department does not require City Council approval for grant applications.
- Grant administration and management activities have improved over time and the Fire Administration Manager is making efforts to streamline grant and funding program administration activities; however, additional work is needed for effective administration.⁸
 - Of those reviewed, two grants and funding programs did not have an executed memorandum of understanding or agreement.
 - The Fire Department has developed adequate controls over grants, but funding programs are not properly documented and administered through a well-defined process or manual.
 - There was little evidence that the Grant Accountant approved or monitored funding program reimbursement packages. Processes should be formalized to ensure the adequate administration of funding program expenditures and reimbursements.
- Grant records are maintained by the respective program manager and centrally shared with the Fire Administration Manager.
 - A centralized list of grants applied for and approved by the Fire Department has not been maintained.

⁸ Specific findings for each Fire grant are detailed in **Appendix D**.

- In a few cases, the Fire Administration Manager did not have complete grant documentation.

Why It Matters

In the absence of a formal city-wide or department-level policy for the application and administration of grants, the assigned staff does not receive adequate guidance to effectively administer grant activities. The Fire Department receives millions of dollars in funding under different programs and grants every year. If the program's specific conditions are not met, the City risks having to return some or all of the received funds.

A centralized departmental policy or process for approving grants would guide Fire staff and ensure grants align with the City's objectives. Without a memorandum of understanding or funding agreement governing the conditions of the grant or funding program, it is not possible to verify compliance with grant agreement conditions or the effectiveness of processes over grant activities.

Similarly, establishing controls over grant administration through a codified process would ensure efficient and effective grant administration by the assigned staff and would also reduce the likelihood of unintentional errors and fraud. Furthermore, checks and balances over compliance with grant conditions and applicable laws would boost the confidence of the grantor and would reduce the risk that the grantor may discontinue funding.

Finally, adopting a formal process for sharing and maintaining a centralized control matrix and database would improve reporting and ensure adherence to grant conditions. This database could be used as a reference to help staff manage future projects effectively.

Recommendations:

4. Formalize the process and authority for approving grants and entering into a memorandum of understanding or agreement for each grant or funding program to ensure grant conditions are documented.

Fire Department Comments: *The Fire Department is currently in the process of assessing all grants and funding programs for original understandings and agreements, as well as developing a formal policy for grant authority and approval.*

5. Establish a specific program manual for each funding program that identifies and lists the program's specific requirements and compliance conditions. The grant program manual should establish procedures and define responsibilities for the approval of program expenses, execution of activities and reimbursements, and compliance with applicable laws. This manual should also formally require program reimbursement claims to be reviewed by the Grant Accountant before submission with the grantor.

Fire Department Comments: *The Fire Department is in the process of identifying an internal and external expert for each grant and funding program. Once the experts have been identified, the Fire Administration Manager will work with them to create program manuals.*

6. Codify a formal process for sharing grants data and documentation in real-time with the Department’s Grant Administrator (i.e. the Fire Administration Manager) to provide a centralized database of grants.

Fire Department Comments: *The Fire Administration Manager will create a grant database along with a shared spreadsheet for all grant program managers to input information during each grant process. A formal process will be written and will include expectations for sharing grants data.*

Community Development Grants

The Community Development Department receives various types of grants every year and offers various programs that benefit the community. The following selected grants were reviewed to verify the adequacy of internal controls and appropriateness of grants management activities:

Table 4: List of Selected Community Development Department Grants

Grant	Grant Period	Awarded Amount
Community Development Block Grant (CDBG)	2018-19	\$763,211
Emergency Solutions Grant	2017-19	\$600,000
HOME Investment Partnership Grant	2018-19	\$405,422
		\$1,768,633

What We Found

- For all three selected grants, Community Development has adequate grant program manuals and policies in place to effectively administer grants and ensure compliance with grant conditions.
- The selected grants were duly approved via ordinance by the City Council. Grant agreements were executed with the grantors with the authority of City Council. Action plans were prepared by staff and were evaluated and approved by City Council wherever required.
- The Community Development Department has constituted two advisory committees⁹ to administer and monitor the CDBG and HOME programs established under the grants.
 - These committees provide CDBG and HOME recommendations to City Council on funding requests by social services organizations and non-social services organizations.
 - Community Development staff serve in an administrative and advisory capacity to these committees.
- Community Development grants are generally managed and administered effectively and efficiently through well-defined policies and manuals. However, the adopted grant manual and policies do not set a formal process for communication with the Grant Accountant or require a review of grants documentation by the Grant Accountant.
 - The grant expenses are prepared by the Community Development Administrative Assistant and approved by the Community Service Manager. The expenses are

⁹ These are the Community Development Advisory Committee and the Human Services Advisory Committee.

reconciled with reimbursements by the Grant Accountant whenever any reimbursements or drawdowns are forwarded to the Grant Accountant for review.

- The reimbursements are prepared by staff and reviewed by the Grant Accountant periodically to check the accuracy and correctness. All expenses, reimbursement, and program incomes are reviewed and reconciled by the staff and the Grant Accountant at the end of the program.
- The terms and conditions of the grant agreements were complied with regarding the reimbursement of claims and submission of required reports.
 - Based on the review of available records, Community Development complied with all applicable laws and reporting requirements stipulated under the respective grants' agreements.
- Community Development staff have attended various grant training during the period under review as per the recognized needs of the staff.

Why It Matters

Setting formal requirements for periodic communication with the Grant Accountant and provisions for sending grants reimbursements before submission to the grantor would provide clear direction to present and future staff to ensure effective control and claim reporting. Additionally, an established process would reduce the risk that reimbursements are rejected by the grantor due to discrepancies or inaccuracy in reimbursement claims.

Recommendation:

7. Codify a process to periodically communicate with the Grant Accountant for review of expenses and reimbursements.

Community Development Comments: *Community Development Staff already had a process to periodically communicate with the Grant Accountant for review of expenses and reimbursements through the reconciliation process. Since meeting with the auditor, CD implemented a process improvement that instead of just a notification of the HUD draws to now include an additional step involving submitting the financial drawdown worksheet to the Grants Accountant after the draw is entered in IDIS for Grants Accountant review and approval. After the Grants Accountant's approval, the draw worksheet is provided to Community Services Manager to approve draw in IDIS requesting the funds from HUD.*

Police Grants

The Police Department received a total of twenty-three grants or reimbursement revenues during the last three fiscal years. Of these, eight grants were selected for review. This judgment sample represents more than 60% of the total grant revenue received by the Police Department during the last three fiscal years. These grants were awarded for different law enforcement and public safety objectives and are described in Table 5:

Table 5: List of Selected Police Department Grants

Grant	Grant Period	Awarded Amount
Domestic and Sexual Violence Initiative Grant	2018-19	\$240,706
Domestic and Sexual Violence Initiative Grant	2017-18	\$204,202
Chapter 59 Asset Forfeiture Award	2017-18	\$147,894
Chapter 59 Asset Forfeiture Award	2016-17	\$119,103
STEP Comprehensive Grant	2016-17	\$69,397
Reimbursement for Sexual Assault Examinations	2018-19	\$54,140
U.S. Marshals Violent Offenders Task Force	2018-19	\$30,560
		<u>\$866,002</u>

What We Found

- The Police Department does not have a centralized, formal grant policy or procedure in place for the application and management of grants. Grants are applied and administered by the Police Department as needed. The Police Chief is involved in strengthening relationships with federal agencies to explore grant opportunities for the department.
 - A supervisory level sergeant from the division benefiting from the grant is assigned as the primary point of contact. They perform all functions and are responsible for complying with all conditions of the grant program and agreement.
- Grants are not always approved by the City Council and a memorandum of understanding or agreement was not always executed.¹⁰
 - The STEP grant and U.S. Marshals Violent Offenders Task Force Program were applied for and approved without City Council authority.
 - For U.S. Marshals U.S. Marshals Violent Offenders Task Force Program, a memorandum of understanding was not executed for FY 2018-19; however, one was executed in 2012.
- Grant activities are decentralized within the Police Department. Efforts are being made by staff to improve grant administration activities, but formal processes are still needed to improve check and balances over compliance with laws, allowability of grant expenses and reimbursement claims, and to define the role of the Grant Accountant.

¹⁰ Specific findings for each Police grant are detailed in **Appendix E**.

- Grants documentation is created and executed by the sergeant or assigned police officer as per the respective grant's conditions and centrally shared with the Assistant Director of Police – Finance and Administration.
 - A centralized list of grants applied for and approved by the Police Department has not been maintained.
 - In a few cases, the Assistant Director of Police – Finance and Administration did not have access to complete grant documentation. Separately obtaining these documents from the concerned sergeant or police officer was a burdensome process.

Why It Matters

In the absence of a formal city-wide or department-level policy for the application and administration of grants, the assigned staff does not receive adequate guidance to effectively administer grant activities. The Assistant Director of Police – Finance & Administration (i.e. the Police Department's Grant Administrator) is making efforts to streamline and improve grant activities, but formally adopted policies and procedures are still needed for grant approvals, compliance with laws, reimbursement of grant expenses, and communication and coordination with the Grant Accountant.

Good controls over grant administration through a codified process would ensure efficient and effective grant administration by the assigned staff and would also reduce the likelihood of unintentional errors and fraud. Furthermore, checks and balances over compliance with grant conditions and applicable laws would boost the confidence of the grantor and would reduce the risk that the grantor may discontinue funding.

Additionally, in the current grants database management system, obtaining historical grant data for verification seems to be a challenge due to the absence of formalized processes and policies and decentralized maintenance of records in the past. As per the Police staff, grant records are maintained by the respective sergeant or authorized officer and are centrally shared with the Assistant Director of Police – Finance & Administration. Adopting a formal process for sharing and maintaining a centralized control matrix and database would improve reporting and ensure adherence to grant conditions. In addition, this database could be used as a reference to help staff manage future projects effectively.

Recommendations:

8. Formalize the process and authority for approving grants and entering into a memorandum of understanding or agreement for each grant or funding program to ensure grant conditions are documented.

Police Department Comments: *The Administrative Services Bureau conducted a formal training for all supervisory personnel regarding the authority for approving grants and entering into a memorandum of understanding or agreement for each grant or funding program to ensure grant conditions are documented.*

9. Establish procedures and define responsibilities for the approval of grant expenses, execution of grant activities and reimbursements, and compliance with applicable laws. This policy should

also formally require grant reimbursement claims to be reviewed by the Grant Accountant before submission with the grantor.

***Police Department Comments:** These procedures will be reflected in the department's updated policy manual.*

10. Codify a formal process for sharing grants data and documentation in real-time with the Department's Grant Administrator (i.e. the Assistant Director of Police – Finance & Administration) to provide a centralized database of grants.

***Police Department Comments:** The Administrative Services Bureau has created a shared electronic repository for all grants and reimbursements located on the department's shared drive which provides direct access for the Assistant Director of Police Finance & Administration, Bureau Commander and Grant Accountant.*

Appendix A: Management Response Summary

The following summarizes the recommendations issued throughout this report. The auditors found that staff and the Department were receptive and willing to make improvements to controls where needed. Management has provided their response to each recommendation.

1	<p><i>Incorporate the following best practices in the proposed grant policy:</i></p> <ul style="list-style-type: none"> <i>a. Standardize the process for identification and application of potential grants including requiring of City Council to approve grant applications.</i> <i>b. Require departments to create a project plan or grant program with timelines and parties responsible for implementing the steps of the plan for each grant.</i> <i>c. Create a Grant Oversight Committee to review and approve grants based on grant requirements, multi-year benefits, and cost-benefit analysis.</i> <i>d. Require City departments' staff to identify and attend applicable grant training opportunities when available</i> <i>e. Establish a central database of grants data and documentation and require departments' Grant Administrators to share grant data documentation to this database.</i> 	<p>Concur</p>	<p>Expected Completion: Recommendation 1a., 1b.,1c.&1e. - Fall 2020</p> <p>Recommendation 1d. - Completed</p>
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Finance Department Comments:

Recommendation 1a., 1b. & 1c.

The Finance Department identified grant administration as an opportunity for improvement in 2019. An administrative directive for grants was drafted and shared with internal audit. The document was submitted to the Legal Department for review on January 24, 2020. Finance also contacted the Policy Review Committee and asked for their review when the document is approved by Legal. The items identified in section 1a, 1b, and 1c, are all included in the administrative directive.

Recommendation 1d.

Since all grants are different, most agencies offer their own training resources specific to the grants they provide. This training gives direction on the requirements for grant administration and reporting. The Finance Department is registered with several entities that provide grant training. We will communicate those opportunities to the departments when classes are available. The Finance Department will also provide training when rolling out the administrative directive to employees. This training will communicate concepts and expectations for those that work with grant programs for the City.

Responsibility:
**Assistant Controller
 (Accounting)**

Recommendation 1e.

The grant administrative directive as written includes a tracking spreadsheet identifying the name of the grant, person responsible, and other relevant information for reporting. As the process continues to evolve, including comments and best practices from this review, Finance will work to develop a reporting tool like that used for Capital Project Reporting.

2	<p><i>Establish a specific program manual for each funding program that identifies and lists the program's specific requirements and compliance conditions. The grant program manual should establish procedures and define responsibilities for the approval of program expenses, execution of activities and reimbursements, and compliance with applicable laws. This manual should also formally require program reimbursement claims to be reviewed by the Grant Accountant before submission with the grantor.</i></p>	Concur	<p>Expected Completion: December 2020</p>
<p>Engineering Services Comments: Capital Projects is working with Finance to establish a written procedure manual for requesting funding, how these funds will be managed and the reporting requirements of each funding sources. All facets of the project life cycle will be covered from the initial discussion to final closeout and audit.</p>		<p>Responsibility: Dir Cap. Projects/City Engineer/ Assistant Director of Finance, Engineering/Assistant Controller (Accounting)/ Deputy City Engineer</p>	
3	<p><i>Codify a formal process for sharing grants data and documentation in real-time with the Department's Grant Administrator to provide a centralized database of grants.</i></p>	Concur	<p>Expected Completion: December 2020</p>
<p>Engineering Services Comments: Capital Projects is working with Finance as they automate the grant reporting and modification processes. This will allow all staff to have a current status as well as review any and all status updates on each grant. Capital Projects staff is expecting automation to begin in July and continue through the end of the calendar year.</p>		<p>Responsibility: Dir Cap. Projects/City Engineer/ Assistant Director of Finance, Engineering/Assistant Controller (Accounting)/ Deputy City Engineer</p>	
4	<p><i>Formalize the process and authority for approving grants and entering into a memorandum of understanding or agreement for each grant or funding program to ensure grant conditions are documented.</i></p>	Concur	<p>Expected Completion: December 2020</p>
<p>Fire Department Comments: The Fire Department is currently in the process of assessing all grants and funding programs for original understandings and agreements, as well as developing a formal policy for grant authority and approval.</p>		<p>Responsibility: Fire Chief/ Fire Administration Manager</p>	
5	<p><i>Establish a specific program manual for each funding program that identifies and lists the program's specific requirements and compliance conditions. The grant</i></p>	Concur	<p>Expected Completion: December 2020</p>

	<i>program manual should establish procedures and define responsibilities for the approval of program expenses, execution of activities and reimbursements, and compliance with applicable laws. This manual should also formally require program reimbursement claims to be reviewed by the Grant Accountant before submission with the grantor.</i>		
	Fire Department Comments: The Fire Department is in the process of identifying an internal and external expert for each grant and funding program. Once the experts have been identified, the Fire Administration Manager will work with them to create program manuals.		Responsibility: Fire Chief/ Fire Administration Manager
6	<i>Codify a formal process for sharing grants data and documentation in real-time with the Department's Grant Administrator (i.e. the Fire Administration Manager) to provide a centralized database of grants.</i>	Concur	Expected Completion: December 2020
	Fire Department Comments: The Fire Administration Manager will create a grant database along with a shared spreadsheet for all grant program managers to input information during each grant process. A formal process will be written and will include expectations for sharing grants data.		Responsibility: Fire Administration Manager/ Fire Chief
7	<i>Codify a process to periodically communicate with the Grant Accountant for review of expenses and reimbursements.</i>	Concur	Expected Completion: Completed
	Community Development Department Comments: Community Development Staff already had a process to periodically communicate with the Grant Accountant for review of expenses and reimbursements through the reconciliation process. Since meeting with the auditor, CD implemented a process improvement that instead of just a notification of the HUD draws to now include an additional step involving submitting the financial drawdown worksheet to the Grants Accountant after the draw is entered in IDIS for Grants Accountant review and approval. After the Grants Accountant's approval, the draw worksheet is provided to Community Services Manager to approve draw in IDIS requesting the funds from HUD.		Responsibility: Community Services Manager
8	<i>Formalize the process and authority for approving grants and entering into a memorandum of understanding or agreement for each grant or funding program to ensure grant conditions are documented.</i>	Concur	Expected Completion: Completed
	Police Department Comments: The Administrative Services Bureau conducted a formal training for all supervisory personnel regarding the authority for approving grants and entering into a memorandum of understanding or agreement for each grant or funding program to ensure grant conditions are documented.		Responsibility: Assistant Director -Police Finance/Admin
9	<i>Establish procedures and define responsibilities for the approval of grant expenses, execution of grant activities and reimbursements, and compliance with applicable laws. This policy should also formally require grant reimbursement claims to be reviewed by the Grant Accountant before submission with the grantor.</i>	Concur	Expected Completion: December 2020

Police Department Comments: These procedures will be reflected in the department’s updated policy manual.

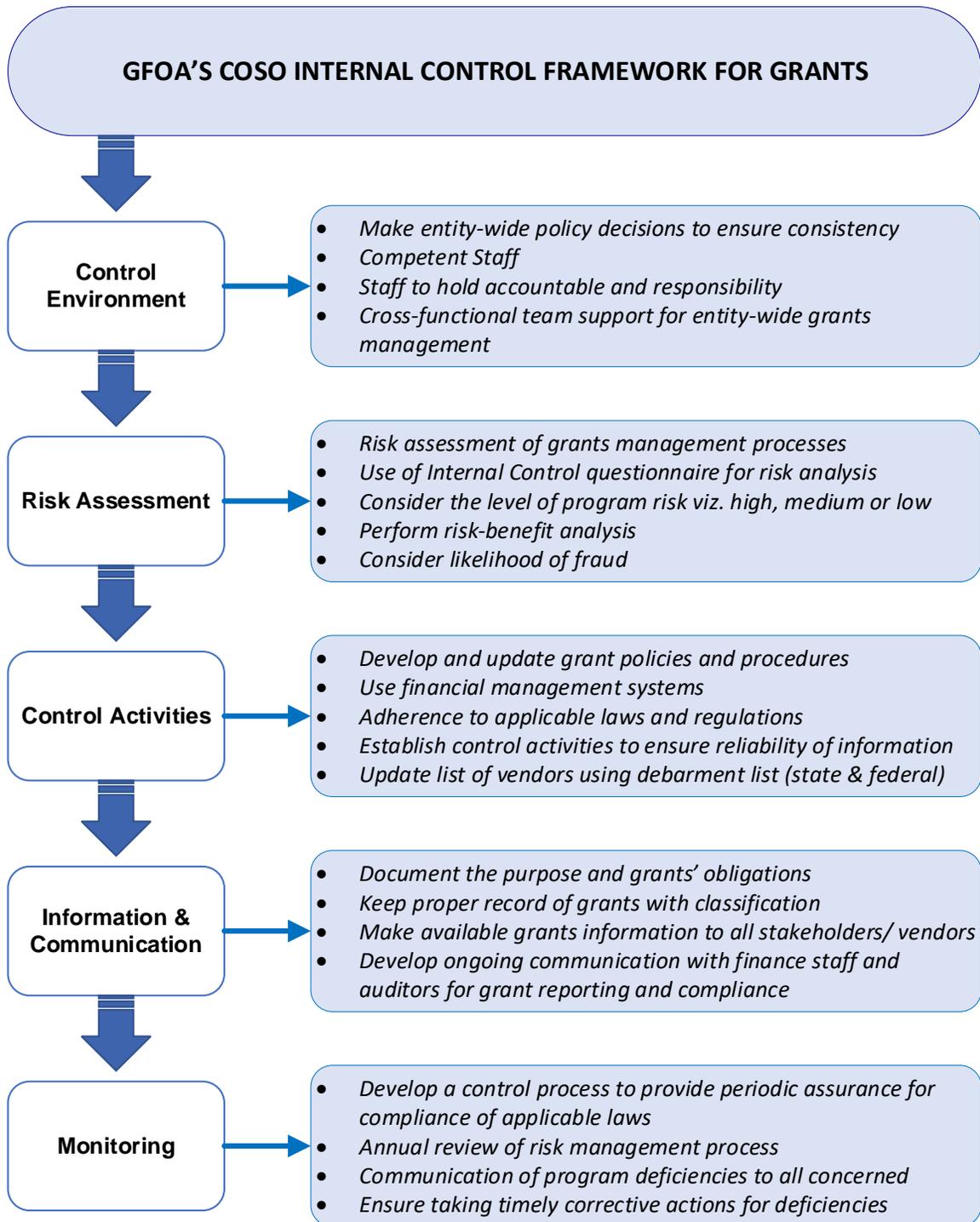
Responsibility:
**Assistant Director -Police
Finance/Admin. and
Accreditation/Compliance**

<p>10 <i>Codify a formal process for sharing grants data and documentation in real-time with the Department’s Grant Administrator (i.e. the Assistant Director of Police – Finance & Administration) to provide a centralized database of grants.</i></p>	<p>Concur</p>	<p>Expected Completion: Completed</p>
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Police Department Comments: The Administrative Services Bureau has created a shared electronic repository for all grants and reimbursements located on the department’s shared drive which provides direct access for the Assistant Director of Police Finance & Administration, Bureau Commander and Grant Accountant.

Responsibility:
**Assistant Director -Police
Finance/Admin.**

Appendix B: GFOA Recommended – COSO Internal Control Framework



Appendix C: Management Letter to Other Departments

MEMORANDUM

DATE: June 3, 2020
TO: Scott Gray, Director of Airport, Capital Planning, Facilities
 Brian Boerner, Director of Solid Waste
 Jennifer Bekker, Director of Libraries
FROM: Internal Audit Department
SUBJECT: Internal Audit of Grants Management – Other Departments

The Internal Audit Department has completed an audit of Grants Management. As part of this audit, we reviewed five grants or funding programs as shown in the table below:

Table 1: List of Selected Other Department Grants

Department	Grant	Grant Period	Awarded Amount
Facilities	Evers Park Bridge & Trail Grant	2016-19	\$1,329,793
Solid Waste	Low Speed Shredder Grant	2016-17	\$150,000
Solid Waste	High Speed Grinder Grant	2016-17	\$131,694
Airport	Routine Airport Maintenance Program	2018-19	\$50,000
Library	Interlibrary Loan Program	2018-19	\$33,552

This letter is intended to provide you with information regarding our specific findings related to each grant that was reviewed. Recommendations have been made to the Finance Department for a city-wide grants management policy that should address the issues noted below.

Facilities: Evers Park Bridge & Trail Grant

An interlocal funding agreement was executed by the City of Denton with TxDOT and an ordinance was passed by City Council. Reimbursement packages were duly filled and fully reimbursed. Matching requirements of 20% were duly tracked while submitting the reimbursements.

Solid Waste: High Speed Grinder & Low Speed Shredder Grant

City council approved and passed resolutions to apply and accept the grinder and shredder grants and grant agreements were duly entered. Expenses were incurred for the purchase of equipment in compliance with grant agreement conditions. Quarterly reports were duly submitted on time with NCTCOG along with reimbursement documents.

The reimbursement claims were reviewed by the Grant Account and all reimbursements were duly paid by NCTCOG. Matching expenses of \$940,000 were incurred by the City for purchasing the equipment in compliance with the terms of the grant agreement.

Airport: Routine Airport Maintenance Program (RAMP)

The grant was duly approved by the City Council by passing a resolution and a grant agreement was duly entered. The terms and conditions of the grant were duly complied with.

Library: Interlibrary Loan Program

The grant application is completed each year and signed by City Manager; however, the City Council does not approve this grant. The terms and conditions of the grant are duly complied with by the library staff.

Appendix D: Management Letter to the Fire Department

MEMORANDUM

DATE: June 3, 2020
TO: Kenneth Hedges, Fire Chief
FROM: Internal Audit Department
SUBJECT: Internal Audit of Grants Management – Fire Grants

The Internal Audit Department has completed an audit of Grants Management. As part of this audit, we reviewed nine grants or funding programs as shown in the table below:

Table 1: List of Selected Grants of the Fire Department

Grant	Grant Period	Awarded Amount
Ambulance Services Uncompensated Care Cost Program	2017-18	\$805,058
Ambulance Services Uncompensated Care Cost Program	2018-19	\$511,100
Staffing for Adequate Fire & Emergency Response (SAFER) Grant	2018-19	\$510,687
National Urban Search & Rescue Response System	2016-17	\$245,256
Urban Search & Rescue Response System	2018-19	\$193,560
National Urban Search & Rescue Response System	2018-19	\$121,811
2015 DFWA-UASI State Homeland Security Program	2016-17	\$2,352
2016 DFWA-UASI State Homeland Security Program	2017-18	\$130,000
Emergency Management Performance Grant	2018-19	\$40,009
		<u>\$2,559,833</u>

This letter provides you with information regarding our specific findings related to each reviewed grant. The full report includes associated recommendations and your management responses.

Ambulance Services Uncompensated Care Cost Program

There was no evidence that the City Council had approved participation in this program.

The Fire Department does not have a formal set of policies or procedures to administer this program. In the absence of policy and procedures, the adequacy of controls over reimbursement of claims could not be verified. Fund allocation and cost reporting is completed periodically per the terms of the program.

Staffing for Adequate Fire & Emergency Response (SAFER) Grant

A letter of understanding was executed by the City Manager with Federal Emergency Management FEMA; however, the City Council did not approve the application or acceptance of this grant. Semi-annual reports and quarterly reports were properly filed with the grantor. Reimbursement documentation was properly submitted per the terms of the grant and was reviewed by the Grant Accountant before submission. Matching requirements are adequately tracked. The Fire

Department complied with the terms and conditions of the SAFER grant as per the executed letter of understanding.

National and State Urban Search & Rescue Response Systems

The City did not enter into a memorandum of understanding (MoU) or an agreement with FEMA for the administration of this program. There is no record that the City Council approved the City's participation in the program.

A Program Manual detailed the provisions and procedures for deployment of personnel and reimbursement of expenses. Documentation for the deployment of personnel and reimbursements was available but the process followed for deployment and reimbursement claims could not be verified.

2015 & 2016 DFWA-UASI State Homeland Security Program

The City of Denton used these grants to purchase equipment to prepare the Fire Department for catastrophic events and risks. The terms and conditions of the grant were compiled by the department.

The 2016-17 grant was approved by City Council via a resolution; however, the 2017-18 grant was not approved by City Council. Purchased equipment invoices were duly submitted to the grantor. Progress reports and other required documents were properly filed with the grantor and all expenses were reimbursed.

Emergency Management Performance Grant

The grant was approved by the Texas Division of Emergency Management, Texas A&M University System, with a 100% matching requirement by the City of Denton. The grant was administered by the Fire Department in coordination with Finance through a well-defined process. The City Council did not approve the application or acceptance of this grant, though the application was signed by the Mayor. Quarterly financial reports and performance reports were properly submitted with the grantor. The terms and conditions of the grant were duly complied with by the Fire Department.

Appendix E: Management Letter to the Police Department

MEMORANDUM

DATE: June 3, 2020
TO: Frank Dixon, Chief of Police
FROM: Internal Audit Department
SUBJECT: Internal Audit of Grants Management – Police Grants
CC: Honorable Mayor and City Council Members

The Internal Audit Department has completed an audit of grants management. As part of this audit, we reviewed eight grants or funding programs as shown in the table below:

Table 1: List of Selected Grants of the Police Department

Grant	Grant Period	Awarded Amount
Domestic and Sexual Violence Initiative Grant	2017-18	\$204,202
Domestic and Sexual Violence Initiative Grant	2018-19	\$240,706
Chapter 59 Asset Forfeiture Award	2016-17	\$119,103
Chapter 59 Asset Forfeiture Award	2017-18	\$147,894
STEP Comprehensive Grant	2016-17	\$69,397
Reimbursement for Sexual Assault Examinations	2018-19	\$54,140
U.S. Marshals Violent Offenders Task Force	2018-19	\$30,560
		<u>\$866,002</u>

This letter provides you with information regarding our specific findings related to each reviewed grant. The full report includes associated recommendations and your management responses.

Domestic and Sexual Violence Initiative Grants

The City of Denton was a subrecipient of this grant with the International Association of Chief of Police (IACP) received from the Department of Justice. The City Council duly approved this grant and executed an agreement with IACP for the acceptance and administration of the grant. Activities and subrecipient expenses are monitored through a quarterly reporting system.

The Police Department complied with the grant conditions. The reimbursement claims along with the required documents were submitted by police officials within the prescribed time and in compliance with the conditions of the grant agreement. The Police Department properly complied with applicable laws and regulations (viz. the DUNS Act and System Award Management regulations). Monthly questions reports were properly submitted with the IACP regularly.

Based on discussion with Police staff, employees request confirmation from the grantor to ensure the allowability of expenses for travel grants before traveling. This process was established because some expenses claims were disallowed by the grantor in the past. Of the ten expenses samples reviewed, there were nine cases where prior confirmation was not received by staff from the grantor (IACP) before incurring the expenses (i.e. attending the conference). None of the reviewed expenses were disallowed by the grantor.

Chapter 59 Asset Forfeiture Awards

An agreement has been executed by the City with the District Attorney's Office for the sharing of proceeds. The Police Department duly submitted the annual forfeiture reports for 2016-17 and 2017-18 to the State Attorney's Office.

Expenses were incurred in compliance with the provisions of Chapter 59; meaning they were broadly related to the purchase of equipment, furniture, vehicle maintenance, gas, and other office supplies. However, no monitoring processes have been established to ensure expenses were allowed under Chapter 59 provisions.

Selective Traffic Enforcement Program (STEP) Grant

A STEP policy was adopted in 2013 and an agreement was duly entered with the grantor; however, the City Council did not approve the grant application or acceptance. STEP grant hours are approved in the TeleStaff system by the officer in charge of the STEP program; however, adequate documentation was not available to verify the process followed to ensure expenses were allowed and reimbursement claims were correct.

Reimbursement for Sexual Assault Examinations

Invoices for Sexual Assault Examination of victims are received by the assigned Police staff from nurses at the medical provider's facility and subsequently reimbursed by the Attorney General. All expenses were within the limit specified (\$1,000) by the Attorney General. Expenses and reimbursements were properly administered and records for all expenses and reimbursements were properly maintained. The established process adequately allows for the administration of expenses and reimbursements.

U.S. Marshals Violent Offenders Task Force Program

City Council approval and a memorandum of understanding (MOU) for the administration of the 2018-19 grant were unavailable. Procedures or guidelines for approving and claiming reimbursements and monitoring grant activities had not been established.

As per accounting records, the received and expended amount was \$30,560; however, the revised annual obligation document showed that the approved amount was only \$21,376. Of the amount expended, reimbursement records were only available to verify \$9,660. There was little evidence that the reimbursement packet had been reviewed by the Grant Accountant.