



# **Department of Homeland Security Office of Inspector General**

## **Ohio Law Enforcement Terrorism Prevention Program Subgrants Fiscal Years 2004–2006**





Homeland  
Security

MAR 23 2011

## Preface

The Department of Homeland Security (DHS) Office of Inspector General (OIG) was established by the *Homeland Security Act of 2002* (Public Law 107-296) by amendment to the *Inspector General Act of 1978*. This is one of a series of audit, inspection, and special reports prepared as part of our oversight responsibilities to promote economy, efficiency, and effectiveness within the department.

This report addresses the accountability and proper use of grant funds of the Federal Emergency Management Agency Law Enforcement Terrorism Prevention Program, subgranted by the state of Ohio during fiscal years 2004–2006. It is based on interviews with employees and officials of relevant agencies and institutions, direct observations, and a review of applicable documents.

The recommendations herein have been developed to the best knowledge available to our office, and have been discussed in draft with those responsible for implementation. We trust this report will result in more effective, efficient, and economical operations. We express our appreciation to all of those who contributed to the preparation of this report.

A handwritten signature in black ink, reading "Anne L. Richards".

Anne L. Richards

Assistant Inspector General for Audits

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## Abbreviations

|      |                                     |
|------|-------------------------------------|
| DHS  | Department of Homeland Security     |
| OIG  | Office of Inspector General         |
| FEMA | Federal Emergency Management Agency |
| FY   | fiscal year                         |



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*Department of Homeland Security*  
*Office of Inspector General*

## **Executive Summary**

At the request of the Federal Emergency Management Agency Grant Programs Directorate, the Department of Homeland Security Office of Inspector General audited the Law Enforcement Terrorism Prevention Program funds subgranted by the Ohio Emergency Management Agency to the Ohio Association of Chiefs of Police. The audit focused on approximately \$21,500,000 awarded during fiscal years 2004 through 2006.

We reviewed questioned costs of \$1,992,209 in non-payroll and \$2,851,945 in payroll costs totaling \$4,844,154 previously identified by the accounting firm Crowe Horwath. We verified these costs were either not allowable or did not have proper supporting documentation, and confirmed the findings in the Crowe Horwath report. The expenditures were unallowable because they were unrelated to the grant activity, misclassified, outside the period of performance, or not supported by receipts or invoices. We also reviewed a judgmental sample of the remaining grant funds expended by the Ohio Association of Chiefs of Police, and agreed with Crowe Horwath's determination of compliance with grant requirements for those funds.

We made two recommendations to the Federal Emergency Management Agency to request reimbursement of \$1,992,209 from the Ohio Emergency Management Agency for non-payroll expenditures that were unallowable or did not have proper supporting documentation, and \$2,851,945 in unallowable payroll expenditures, for a total of \$4,844,154.

The Federal Emergency Management Agency concurred with the recommendations and is taking action to implement them.

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## Background

As part of the Federal Emergency Management Agency (FEMA) Law Enforcement Terrorism Prevention Program, the Ohio Emergency Management Agency awarded the Ohio Association of Chiefs of Police more than \$21 million over 3 fiscal years (FYs) (2004–2006) to establish a computer network to improve communication among law enforcement agencies by linking Ohio's 900+ police agencies. The Ohio Local Law Enforcement Information Sharing Network developed with these funds has been implemented and is currently operated by the Ohio State Attorney General's Office.

In 2005, the Ohio Emergency Management Agency conducted a review of the Ohio Association of Chiefs of Police that identified questioned and unsupported costs. The Ohio Emergency Management Agency requested assistance and guidance from FEMA on how to proceed owing to ongoing concerns with the Ohio Association of Chiefs of Police grant administration. As a result, the Ohio Emergency Management Agency retained the accounting firm Crowe Horwath LLP to conduct a comprehensive review of the Ohio Association of Chiefs of Police financial records for FYs 2004–2006. Crowe Horwath found \$4,844,154 in questionable costs.

In November 2009, the FEMA Grant Programs Directorate reviewed the accounting firm's report and the Ohio Emergency Management Agency's subsequent analysis of this report. In March 2010, FEMA requested that the State of Ohio reimburse \$4,498,996 for expenditures that were either not allowable or did not have proper supporting documentation. The FEMA request for reimbursement was \$345,158 less than the Crowe Horwath amount because FEMA considered expenditures that had been misclassified by the Ohio Association of Chiefs of Police as allowable.

In April 2010, FEMA requested that the Department of Homeland Security Office of Inspector General (DHS-OIG) conduct an audit of the Ohio Emergency Management Agency's Law Enforcement Terrorism Prevention Program, from which the Ohio Association of Chiefs of Police received its funding, for FYs 2004–2006, to ensure that Crowe Horwath provided the most thorough and expert review of its grant activities and financial accounting.

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## Results of Audit

During FYs 2004–2006, the Ohio Association of Chiefs of Police spent \$4,844,154 in Law Enforcement Terrorism Prevention Program funds that were not allowable or did not have proper supporting documentation. The expenditures (\$1,992,209 in non-payroll-related grant funds and \$2,851,945 in payroll-related grant funds) were not permitted for several reasons, including that they were unrelated to the grant activity, misclassified, outside the period of performance, or not supported by receipts or invoices. We also reviewed a judgmental sample of the remaining grant funds expended by the Ohio Association of Chiefs of Police, and agreed with Crowe Horwath’s determination of compliance with grant requirements for those funds.

### Non-Payroll Expenditures

To determine the unallowable expenditures the Ohio Association of Chiefs of Police charged to the Law Enforcement Terrorism Prevention Program from FYs 2004–2006, we evaluated Crowe Horwath’s questioned non-payroll costs, such as vendor invoices. We reviewed grant funds awarded and expended from the FYs 2004–2006 grants to ensure all expenditures were in accordance with federal laws, agency regulations, and grant agreements and guidelines. There were five categories of questioned costs: unsupported allocations, transactions outside of the period of performance, misclassification of expenditures, unsupported transactions, and unrelated to grant activity.

Table 1 summarizes the results of our review of the non-payroll transactions in comparison with the Crowe Horwath review. We were unable to review 100% of the questioned costs because the Ohio Association of Chiefs of Police was unable to locate supporting documentation. Since hard copies of these records had been available for previous reviews, we believe these records were misfiled. We were still able to verify more than 90% of the questioned costs.

**Table 1. Law Enforcement Terrorism Prevention Program  
Questioned Costs for FYs 2004–2006**

| <b>Questioned Costs</b>                          | <b>Crowe<br/>Horwath</b> | <b>DHS-OIG<br/>Verified</b> | <b>Not Verified</b> |
|--------------------------------------------------|--------------------------|-----------------------------|---------------------|
| Unsupported<br>Allocations                       | \$365,528                | \$318,166                   | \$47,362            |
| Transactions Outside of<br>Period of Performance | \$789,846                | \$782,313                   | \$7,533             |
| Misclassification of<br>Expenditures             | \$345,158                | \$307,332                   | \$37,826            |
| Unsupported<br>Transactions                      | \$269,480                | \$227,701                   | \$41,779            |
| Unrelated to Grant<br>Activity                   | \$222,197                | \$185,840                   | \$36,357            |
| <b>Totals</b>                                    | <b>\$1,992,209</b>       | <b>\$1,821,352</b>          | <b>\$170,857</b>    |

Unsupported Allocations

The transactions that represented the costs categorized as unsupported allocations included utilities and building maintenance allocated across several funds. Transactions in this category either had no support for the basis of allocation or had no allocation noted. No documentation was provided to explain how allocation percentages to the Law Enforcement Terrorism Prevention Program were derived. We were able to review \$318,166 of the \$365,528 questioned by Crowe Horwath as unsupported allocations, and we concurred with its finding. Additional details are provided in Appendix C.

Transactions Outside of Period of Performance

Each grant awarded to the Ohio Association of Chiefs of Police had a period of performance, and the transactions representing these costs were allocated over this period of performance. For example, the Internet maintenance contracts were three-year contracts, whereas the period of performance for the Law Enforcement Terrorism Prevention Program grant was two years. The contract must have been completed within the grant's two-year period of performance to be allowable. We were able to verify \$782,313 of the \$789,846 questioned by Crowe Horwath as transactions outside the period of performance, and we concurred with its finding. Additional details are provided in Appendix C.

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### Misclassification of Expenditures

These costs include those that would be allowable had the cost been properly classified at entry in the accounting records, or costs that were included on the Ohio Association of Chiefs of Police's budget worksheet, but were not assigned to the appropriate accounting code. For example, legal fees should have been classified as miscellaneous support and not as contractual support. The Ohio Association of Chiefs of Police maintained a Budget Detail Worksheet for each grant year. According to the budget worksheet, legal costs should have been classified and assigned to the administrative/miscellaneous costs account rather than the planning costs account; the planning costs were specifically classified for subject matter experts (contractors) to undertake program development. We were able to verify \$307,332 of the \$345,158 questioned by Crowe Horwath as misclassified expenditures, and we concurred with its finding. Additional details are provided in Appendix C.

### Unsupported Transactions

Transactions that had no supporting documentation or insufficient supporting documentation were included in this category. This category also includes transactions for which prior authorization by the Ohio Emergency Management Agency was required, but not received, under Office of Management and Budget Circular A-87, Cost Principles for State, Local and Indian Tribal Governments. For example, representatives from the Ohio Association of Chiefs of Police traveled to Turkey for training. There was no documentation supporting the approval of the trips. All international travel should have been approved before the trip. We were able to verify \$227,701 of the \$269,480 questioned by Crowe Horwath as unsupported transactions, and we concurred with its finding. Additional details are provided in Appendix C.

### Unrelated to Grant Activity

This category included transactions for which we were unable to determine how the costs incurred benefited the grant program. For example, items in this category include printing books, award plaques, and lapel pins that were not related to the grant objective. We were able to verify \$185,840 of the \$222,197 questioned by Crowe Horwath as costs unrelated to grant activity, and we concurred with its finding. Additional details are provided in Appendix C.

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## **Conclusion**

Crowe Horwath identified \$1,992,209 in non-payroll questionable costs, and we verified \$1,821,352 of this amount. Based on our review of available documentation and confirmation of the Crowe Horwath analysis, we agreed with its findings.

## **Recommendation**

We recommend that the Assistant Administrator, Grant Programs Directorate:

**Recommendation #1:** Request reimbursement of \$1,992,209 from the Ohio Emergency Management Agency for non-payroll expenditures that were unallowable or did not have proper supporting documentation.

## **Management Comments and OIG Analysis**

The FEMA Grant Programs Directorate concurred with the recommendation and will request reimbursement from the Ohio Emergency Management Agency for non-payroll expenditures totaling \$1,012,043. The FEMA Grant Programs Directorate will consider the remaining \$980,166 in non-payroll costs as unallowable, unless within 90 days of the date of this report, the Ohio Emergency Management Agency provides supporting documentation that demonstrates the expenditures noted were allowable and in accordance with grant program guidance.

FEMA's proposed actions address the intent of the recommendation, and we consider this recommendation resolved and open. Once FEMA has fully implemented the recommendation and submits a formal close-out memorandum, including evidence of completion of agreed-upon corrective actions and of the disposition of any monetary amounts, we will close the recommendation.

## **Payroll Expenditures**

To determine the unallowable payroll expenditures the Ohio Association of Chiefs of Police charged to the Law Enforcement Terrorism Prevention Program from FYs 2004–2006, we evaluated Crowe Horwath's questioned payroll costs. We reviewed the Ohio Association of Chiefs of Police timesheets, payroll allocation forms, and health insurance documents for compliance with federal laws, agency regulations, and

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grant agreements and guidelines. We identified three categories of questioned costs: lack of compliant timesheets, lack of timesheets, and lack of health insurance documents.

#### Lack of Compliant Timesheets

To determine if the Ohio Association of Chiefs of Police timesheets were compliant, we reviewed 85 individual staff timesheets for employee signature and evidence of supervisory review. Of these 85, only 40 were signed by the employee and reviewed by a supervisor. Office of Management and Budget Circular A-87 requires employee salaries and wages to be supported by periodic certifications stating that the employees worked solely on the program for which the grant was awarded during the period covered. These certifications must be prepared at least semiannually and must be signed by the employee or supervisor with firsthand knowledge of the work performed.

Table 2 summarizes the results of our review of the timesheets. We were unable to review 100% of the Crowe Horwath costs because supporting documentation that had been available for previous reviews was now missing.

**Table 2. Review of Available Payroll Timesheets  
for FYs 2004–2006**

| <b>Date</b>    | <b>Signed &amp;<br/>Reviewed</b> | <b>Employee<br/>Only Signed</b> | <b>Total</b> |
|----------------|----------------------------------|---------------------------------|--------------|
| August 2004    | 11                               | 3                               | 14           |
| June 2004      | 3                                | 1                               | 4            |
| July 2004      | 13                               | 1                               | 14           |
| October 2004   | 2                                | 19                              | 21           |
| November 2004  | 0                                | 2                               | 2            |
| September 2005 | 3                                | 14                              | 17           |
| December 2006  | 8                                | 5                               | 13           |
| <b>Totals</b>  | <b>40</b>                        | <b>45</b>                       | <b>85</b>    |

#### Lack of Timesheets

For the 3-year period 2004–2006, we expected to review 832 timesheets based on a biweekly pay schedule, but we received only 85 for review. The Ohio Association of Chiefs of Police did not require timesheets for the staff or the Executive Director on a regular basis. Again, Office of Management and Budget Circular

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A-87 requires employee salaries and wages to be supported by periodic certifications stating that the employees worked solely on the program for which the grant was awarded during the period covered.

Table 3 summarizes the results of our review of the total number of timesheets that should have documented payroll expenditures. We were unable to verify 100% of the staff payroll costs Crowe Horwath identified because supporting documentation that had been available for previous reviews was now missing, or the records did not exist because the Ohio Association of Chiefs of Police did not require timesheets.

**Table 3. Expected Payroll Timesheets for FYs 2004–2006**

| <b>Grant Year</b> | <b>Staff That Performed Grant Work</b> | <b>Timesheets Expected</b> | <b>Timesheets Provided to Crowe Horwath</b> | <b>Timesheets Provided to DHS-OIG</b> |
|-------------------|----------------------------------------|----------------------------|---------------------------------------------|---------------------------------------|
| 2004              | 7                                      | 182                        | 70                                          | 55                                    |
| 2005              | 13                                     | 338                        | 17                                          | 17                                    |
| 2006              | 12                                     | 312                        | 13                                          | 13                                    |
| <b>Totals</b>     | <b>32</b>                              | <b>832</b>                 | <b>100</b>                                  | <b>85</b>                             |

In addition, we were not able to obtain all timesheets for the former Ohio Association of Chiefs of Police Executive Director during FYs 2004–2006. We were able to obtain timesheets from 2004 and the Executive Director’s handwritten notes that were used to document his time for February and March 2006. The timesheets were not compliant. The 2004 timesheets did not include a name, date, or signature. Those from 2006 were not signed by the Executive Director and showed no indication they had been reviewed. In addition, they all displayed the same date, as if they were all created on the same day for an entire year, or as if that particular date was added to all the timesheets. Crowe Horwath questioned \$803,678 that was allocated to the grant. We were unable to quantify a total based on the limited supporting documents received.

#### Lack of Health Insurance Documents

Health care insurance was provided to the Ohio Association of Chiefs of Police staff and the Executive Director; however, because of inadequate timesheets, health insurance costs were questioned because they were allocated based on time records. The Ohio Association of Chiefs of Police was unable to provide health insurance documents for FYs 2004–2006.

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## **Conclusion**

Crowe Horwath identified \$2,851,945 in questionable payroll costs. We were able to review only staff payroll allocation records totaling \$1,330,061 in questioned costs that the Ohio Association of Chiefs of Police payroll allocated to the grant for FYs 2004–2006. We were not able to verify the entire Crowe Horwath amount owing to the lack of supporting and compliant documentation. Based on our review of available documentation and confirmation of the Crowe Horwath analysis, we agreed with its findings.

## **Recommendation**

We recommend that the Assistant Administrator, Grant Programs Directorate:

**Recommendation #2:** Request reimbursement of \$2,851,945 from the Ohio Emergency Management Agency for payroll expenditures that were unallowable or did not have proper supporting documentation.

## **Management Comments and OIG Analysis**

The FEMA Grants Programs Directorate concurred with the recommendation. The expenditures for the Executive Director's salary were unreasonable, unallowable, and inconsistent with grant guidance, and the Ohio Emergency Management Agency must reimburse the federal government for these expenditures. For the other payroll expenses, FEMA has given the Ohio Emergency Management Agency 90 days to provide additional documentation substantiating these costs. If approved by the FEMA Grants Programs Directorate, these costs may be considered allowable in accordance with grant program guidance. Failure to provide the requested documentation within 90 days will lead to the costs being considered as a debt and referred to FEMA's Office of the Chief Financial Officer for collection.

FEMA's proposed actions address the intent of the recommendation, and we consider this recommendation resolved and open. Once FEMA has fully implemented the recommendation and submitted a formal close-out memorandum, including evidence of completion of agreed-upon corrective actions and of the disposition of any monetary amounts, we will close the recommendation.

## **Appendix A**

### **Purpose, Scope, and Methodology**

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The purpose of the audit was to review the Law Enforcement Terrorism Prevention Program funds awarded to and expended by the Ohio Association of Chiefs of Police during FYs 2004–2006 to ensure that the accounting firm Crowe Horwath had performed a thorough and expert review of the grant expenditures and financial accounting.

To determine the unallowable non-payroll expenditures the Ohio Association of Chiefs of Police charged to the Law Enforcement Terrorism Prevention Program from 2004 through 2006, we evaluated Crowe Horwath’s questioned non-payroll costs, such as vendor invoices. We reviewed grant funds awarded and expended during FYs 2004–2006 to ensure all expenditures were in accordance with federal laws, agency regulations, and grant agreements and guidelines.

To determine the unallowable payroll expenditures the Ohio Association of Chiefs of Police charged to the Law Enforcement Terrorism Prevention Program from FYs 2004–2006, we evaluated Crowe Horwath’s questioned payroll costs. We reviewed the Ohio Association of Chiefs of Police timesheets, payroll allocation forms, and health insurance documents for compliance with federal laws, agency regulations, and grant agreements and guidelines.

Fieldwork was conducted at the FEMA office in Washington, DC, the Ohio Emergency Management Agency office, and the Ohio Association of Chiefs of Police office. Fieldwork included a review of applicable laws, regulations, policy, and internal directives used by FEMA and the Ohio Emergency Management Agency to authorize, identify, report, and track expenses. The team developed an understanding of the application approval and oversight process for grant funds.

We reviewed all available receipts for the \$4,844,154 Crowe Horwath identified as questioned funds. We also reviewed a 2% judgmental sample of the remaining Law Enforcement Terrorism Prevention Program funds expended by the Ohio Association of Chiefs of Police to verify Crowe Horwath’s finding of compliance with grant requirements.

We interviewed FEMA, Ohio Emergency Management Agency, and Ohio Association of Chiefs of Police officials to obtain their views and opinions on the Law Enforcement Terrorism Prevention Program grant, the communication system that resulted from the grant, and additional areas of concern.

## **Appendix A**

### **Purpose, Scope, and Methodology**

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The audit was not a financial statement review and we did not provide an opinion on whether the subgrantee's financial statements were presented in conformity with generally accepted accounting principles.

We conducted this compliance audit between May and December 2010 pursuant to the *Inspector General Act of 1978*, as amended, and according to 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.

## Appendix B

### Management Comments to the Draft Report

U.S. Department of Homeland Security  
Washington, DC 20472



**FEMA**

February 17, 2011

**MEMORANDUM FOR:** Anne L. Richards  
Assistant Inspector General for Audits

**FROM:** Elizabeth M. Harman  
Assistant Administrator  
Grant Programs Directorate 

**SUBJECT:** Response to Draft Report OIG: Ohio Law Enforcement Terrorism  
Prevention Program Subgrants Fiscal Years 2004-2006

Thank you for the opportunity to comment on the subject draft report entitled, "Ohio Law Enforcement Terrorism Prevention Program Subgrants Fiscal Years 2004-2006". The findings in the report will be used to strengthen the effectiveness and efficiency of how we execute and measure the program. We recognize the need to continue to improve the process, including addressing the recommendations raised in this report.

Thank you for the opportunity to respond to the report and to work with the Office of the Inspector General during this engagement.

Attachment

cc: Laura Cesario, Director, Grant Administration and Assistance Division  
Mildred Lloyd, GPD Audit Liaison

[www.fema.gov](http://www.fema.gov)

## Appendix B

### Management Comments to the Draft Report

#### **Response to the Draft Report OIG-10-140-AUD-FEMA: Ohio Law Enforcement Terrorism Prevention Program Subgrants FY 04-06**

**OIG Recommendation #1:** Request reimbursement of \$1,992,209 from Ohio Emergency Management Agency (OEMA) for unallowable non-payroll expenditures, in some cases lacking proper documentation.

**FEMA Response to OIG recommendation #1:** Based on the DHS OIG audit, FEMA Grant Programs Directorate (GPD) concurs with the recommendation that FEMA request reimbursement from OEMA and will do so for non-payroll expenditures deemed unallowable by FEMA. In its recommendation #1, the OIG agreed with the Crowe Horwath audit findings which identified unallowable costs as follows:

- (a) unsupported allocations \$365,528
- (b) transactions outside of performance period \$789,846
- (c) misclassification of expenditures \$345,158
- (d) unsupported transactions \$269,480, and
- (e) unrelated to the grant activity \$222,197

#### **Discussion about OIG Recommendation #1:**

**Unallowable costs (b) and (e).** FEMA GPD concurs with the audit that costs for both of these categories, totaling \$1,012,043 are unallowable.

**Unallowable costs (a), (c) and (d), above.** FEMA GPD will consider the \$980,166 in costs as unallowable, unless OEMA provides supporting documentation within 90 days of the date of this report that demonstrates the expenditures noted were allowable and in accordance with grant program guidance.

By way of example, the DHS OIG verified a total of \$227,201 in unsupported transactions associated with international travel that members of the Ohio Association of Chiefs of Police (OACP) made to the country of Turkey. In order to avoid this from occurring, GPD had established a policy whereby grantees are required to submit, prior to arranging overseas travel, a written request to document and justify grant related travel to a foreign country. Prior to announcing the new policy that grantees must submit a request to authorize travel overseas, these costs were in fact considered allowable, but only within the scope of the fiscal year (FY) 2004 through FY 2006 Law Enforcement Terrorism Prevention Program.

In order to assist FEMA GPD with making its determination for allowability of these expenses the grantee must submit the following information within 90 days:

- Name of State and/or local agency requesting travel;
- Number of individuals requesting travel, including rank/title and agency affiliation

## Appendix B

### Management Comments to the Draft Report

- Travel location, dates of travel, and purpose of travel (i.e., participation in a training, conference, meeting, etc.);
- Cost of travel per person, to include airfare, lodging and per diem;
- Source of funding to support travel (grant program name and grant number), and
- State homeland security strategy goals and objectives and/or project that the travel will directly support.

Failure to provide the requested documentation within 90 days will be considered as a debt and referred to FEMA's Office of Chief Financial Officer (OCFO) for collection. At that time, FEMA GPD will relinquish all responsibility to collect the debt to FEMA OCFO.

**OIG Recommendation #2:** Request reimbursement of \$2,851,945 from Ohio Emergency Management Agency for payroll expenditures that were unallowable or did not have proper supporting documentation.

#### **FEMA Response to OIG Recommendation #2:**

FEMA GPD concurs with the recommendation that FEMA request reimbursement from OEMA and will do so for payroll expenditures deemed unallowable by FEMA. In its recommendation #2, the OIG agreed with the Crowe Horwath audit findings which identified unsupported costs in the following categories:

- (a) Director's payroll: \$803,678
- (b) Staff payroll: \$1,832,791
- (c) Other expenses and adjustments: \$45,072
- (d) Health insurance: \$170,404

#### **Discussion about OIG recommendation #2:**

Although the OIG report did not specifically identify costs for category (a) as belonging to the Director's salary, it is clear that their assessment of the Crowe-Horwath report and their own findings concluded that the expenditures for the Director's salary were unreasonable and unallowable, and inconsistent with grant guidance. On this matter, OEMA must reimburse the Federal government.

Both audits, conducted by Crowe-Horwath and the DHS OIG found that certain adjustments and expenditures in category (c) above, may also be unallowable. It is less clear however, whether staff payroll costs were unallowable. While it is reasonable to assume that some staff costs would be allowable, the lack of, or absence of documentation makes it impossible for FEMA GPD to determine if these costs were eligible according to grant program guidance. However, the DHS OIG indicated in their report that 85 timesheets do exist. Without these documents FEMA GPD cannot make a further determination on eligibility.

## **Appendix B**

### **Management Comments to the Draft Report**

OEMA should provide sufficient documentation including position descriptions, salaries, and fringe benefits in sufficient detail, including certifications by executives in charge of the funding, that certain work was carried out and performed. By providing this documentation and level of detail, FEMA GPD will be able to make a determination as to the eligibility and allowability for payment of staff salaries related to the 85 timesheets mentioned in the DHS OIG report.

This information and all other documentation substantiating costs must be submitted within 90 days to FEMA GPD for consideration. If approved by FEMA GPD, these costs may be considered allowable in accordance with grant program guidance. Failure to provide the requested documentation within 90 days will be considered as a debt and referred to FEMA's Office of Chief Financial Officer (OCFO) for collection. At that time, FEMA GPD will relinquish all responsibility to collect the debt to FEMA OCFO.

It is evident that proper administrative and cost principles of grants management were severely lacking at the State level. The State has, however, taken steps to mitigate these findings identified through FEMA monitoring and by the OIG. It is evident that the State is taking the necessary steps to put in place sound financial management practices and tools to mitigate and avoid this from occurring in the future.

## Appendix C

### Non-payroll Questioned Costs

The following tables display the five categories of questioned costs for non-payroll expenditures. Three transaction codes were used to post the invoices to the correct account: 5124, 5126, and 5127, representing the individual grant years.

Table C-1 displays the total amount of the Ohio Association of Chiefs of Police expenditures Crowe Horwath identified as questionable costs. Table C-2 displays the total amount of expenditures DHS-OIG was able to confirm. We verified \$1,821,352, of the \$1,992,209 questionable costs.

**Table C-1. Non-Payroll Questionable Costs – Crowe Horwath**

| <b>Crowe Horwath<br/>Questioned Costs Reviewed</b> | <b>Account<br/>5124<br/>FY 2006</b> | <b>Account<br/>5126<br/>FY 2004</b> | <b>Account<br/>5127<br/>FY 2005</b> | <b>Totals</b>      |
|----------------------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------------|
| Unsupported allocations                            | 129,200                             | 119,006                             | 117,322                             | 365,528            |
| Transactions outside of period of performance      | 42,157                              | 195,743                             | 551,946                             | 789,846            |
| Misclassification of expenditures                  | 64,108                              | 193,982                             | 87,068                              | 345,158            |
| Unsupported transactions                           | 112,679                             | 106,409                             | 50,392                              | 269,480            |
| Unrelated to grant activity                        | 69,740                              | 58,443                              | 94,014                              | 222,197            |
| <b>Total Costs Identified by<br/>Crowe Horwath</b> | <b>417,884</b>                      | <b>673,583</b>                      | <b>900,742</b>                      | <b>\$1,992,209</b> |

**Table C-2. Non-Payroll Questionable Costs – DHS-OIG**

| <b>DHS-OIG<br/>Questioned Costs</b>           | <b>Account<br/>5124<br/>FY 2006</b> | <b>Account<br/>5126<br/>FY 2004</b> | <b>Account<br/>5127<br/>FY 2005</b> | <b>Totals</b>      |
|-----------------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------------|
| Unsupported allocations                       | 108,707                             | 93,269                              | 116,190                             | 318,166            |
| Transactions outside of period of performance | 37,957                              | 192,410                             | 551,946                             | 782,313            |
| Misclassification of expenditures             | 35,155                              | 191,811                             | 80,366                              | 307,332            |
| Unsupported transactions                      | 96,218                              | 85,745                              | 45,738                              | 227,701            |
| Unrelated to grant activity                   | 50,202                              | 44,328                              | 91,310                              | 185,840            |
| <b>Total Costs Identified by OIG</b>          | <b>328,239</b>                      | <b>607,563</b>                      | <b>885,550</b>                      | <b>\$1,821,352</b> |

**Appendix D**  
**Major Contributors to this Report**

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Michael Siviyy, Director, Grants Management Division  
Brad Mosher, Staff Manager  
Carolyn Floyd, Auditor-in-Charge  
Rachel Magnus, Program Analyst  
Cory Upmeyer, Program Analyst

**Department of Homeland Security**

Secretary  
Deputy Secretary  
Chief of Staff  
Deputy Chief of Staff  
General Counsel  
Executive Secretariat  
Director, GAO/OIG Liaison Office  
Assistant Secretary for Office of Policy  
Assistant Secretary for Office of Public Affairs  
Assistant Secretary for Office of Legislative Affairs

**Federal Emergency Management Agency**

Administrator  
Assistant Administrator, Grant Programs Directorate  
Federal Emergency Management Agency Audit Liaison  
Grant Programs Directorate Audit Liaison

**Office of Management and Budget**

Chief, Homeland Security Branch  
DHS OIG Budget Examiner

**Congress**

Congressional Oversight and Appropriations Committees, as appropriate



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