



# **THE OFFICE OF COMMUNITY ORIENTED POLICING SERVICES METHAMPHETAMINE INITIATIVE**

U.S. Department of Justice  
Office of the Inspector General  
Audit Division

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# **THE OFFICE OF COMMUNITY ORIENTED POLICING SERVICES METHAMPHETAMINE INITIATIVE**

## **EXECUTIVE SUMMARY**

In FY 1998, under the authorization of the Violent Crime Control and Law Enforcement Act of 1994, Congress established the Methamphetamine (Meth) Initiative in the Department of Justice (DOJ) and assigned responsibility for administering the program to the Office of Community Oriented Policing Services (the COPS Office). The primary purposes of the Meth Initiative are to combat the production, distribution, and use of this illegal drug by issuing grant funding to state and local law enforcement agencies for uses such as training and equipment, and to reimburse the Drug Enforcement Administration (DEA) for the proper removal and disposal of hazardous materials from clandestine meth laboratories. From the inception of the program through the end of fiscal year (FY) 2005, Congress appropriated \$385.6 million for the Meth Initiative, \$214.1 million of which was appropriated for grants to state and local entities.

The Office of the Inspector General (OIG) has completed this audit of the COPS Meth Initiative. The objectives of the audit were to evaluate: (1) the adequacy of the COPS Office's administration of meth grant programs and its monitoring of grantee activities; and (2) the extent to which grantees have administered the grants in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant awards. See Appendix I for additional details of our audit regarding objectives, scope, and methodology.

### **Background**

Meth is currently the most prevalent manufactured drug illegally produced in the United States. It is powerfully addictive, and the drug is made easily in clandestine laboratories with relatively inexpensive over-the-counter ingredients such as cold tablets, fertilizer, acids, acetone, alcohol, lithium from batteries, and phosphorous from road flares, and its use and production is increasing. The meth problem became widespread in the early 1990s in the Southwest and Western states, and since then has spread across the country. Typical meth users are in their 20s and 30s, have young children, and represent all social and economic backgrounds. Long-term meth use can lead to paranoia, convulsions, stroke, heart attack, and death.

In FY 1997, the DEA's El Paso Intelligence Center (EPIC) began tracking statistics about the number of meth labs seized by law enforcement.<sup>1</sup> According to data provided to the OIG by EPIC, the number of clandestine laboratory seizures reported nationwide has increased from 3,441 in FY 1998 to 17,956 in FY 2004, an increase of 422 percent. In FY 2002, EPIC started to track the number of children affected by their proximity to the meth labs. The 50 states and the District of Columbia have reported about 3,500 children per year as being affected. According to the DEA, children have died or suffered injuries due to fire and explosions at meth lab sites and have been injured by swallowing or touching toxic chemicals.

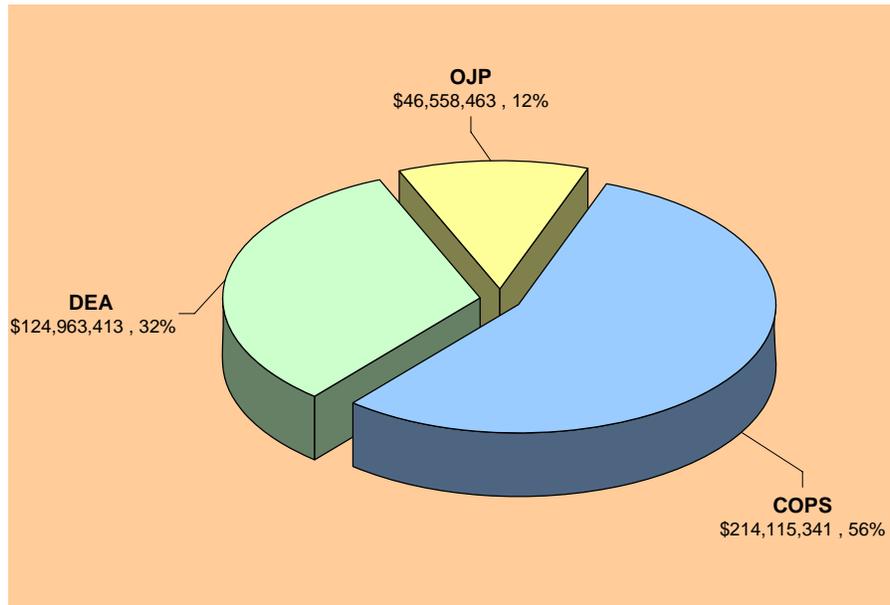
Every year since 1998, Congress has funded the Meth Initiative under a variety of names such as the Meth Program or the "Meth/Drug Hot Spots" Program. Between FYs 1998 and 2005, Congress appropriated \$385.6 million for these programs. Of this total, the COPS Office transferred almost \$125 million to the DEA (mostly for laboratory cleanup), reimbursed the Office of Justice Programs (OJP) a total of \$46.6 million for several Meth Initiative grants it administered on behalf of the COPS Office, and distributed the balance of \$214.1 million to state and local entities through the grant process. The grants support a variety of prevention, enforcement, intervention, training, and laboratory/environmental cleanup activities by state and local law enforcement agencies. The grants provide funding for the payment of approved salaries, overtime, and benefits for support personnel; approved overtime for law enforcement officers; equipment and technology; training; and travel.

The following chart illustrates the proportion of funding provided to the three components.

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<sup>1</sup> EPIC, created by the DEA in 1974, relies on state and local law enforcement agencies to report voluntarily their statistics for inclusion in its National Clandestine Laboratory Seizure database. However, only three states – California, Missouri, and Oklahoma – have mandatory reporting requirements of their statistics.

## DISTRIBUTION OF METH FUNDING FY 1998 THROUGH FY 2005



Source: The COPS Office

Most of the money that the COPS Office receives comes in the form of congressional earmarks. An earmark refers to funds designated by Congress for a specified purpose, project, activity, institution, or location. Congress has designated approximately 84 percent of appropriated Meth Initiative funds to specific entities or locales for the past 8 years. Earmarked funds do not require projects to be vetted for duplication, necessity, fiscal accountability, or any other factor normally reviewed by a granting agency through the solicitation and selection process.

### Implementation of the Meth Initiative

Our audit revealed weaknesses in the COPS Office's administration of the Meth Initiative. COPS officials told us that the FY 1998 appropriation for the Meth Initiative was unexpected, and at that time they did not anticipate any future funding for the program. The COPS Office formed a Meth Team under the Grant Administration Division to monitor the majority of meth awards to grantees that were not covered by its existing structure. The Training and Technical Assistance Division and the Program, Policy Support, and Evaluation Division administered the remaining awards. Assignment of grants among these units was dependent upon the type or purpose of the award. As a result, three separate and distinct organizational units within the COPS Office processed the first Meth Initiative awards. We interviewed representatives from each of the COPS Office's organizational units who told us that each oversight group acted independently. There has been no regular communication among the various units to foster uniform

administration of the meth awards or to share information on matters such as policies, procedures, concerns, and best practices. In addition, there has been no regular communication between OJP and the COPS Office regarding the administration, monitoring, or oversight of the Meth Initiative grants that the COPS Office transferred to OJP.

### *Discretionary Funding*

Although Congress earmarked the majority of Meth Initiative funding, the COPS Office also administers some discretionary funds for meth programs. Discretionary funds provide the COPS Office the authority to designate both the recipient and the amount of the awards within the amount of discretionary funding available. The amount of discretionary funding available to the COPS Office from year-to-year has been limited and has not been certain or predictable. Between FYs 1998 and 2005, total discretionary funding amounted to almost \$35.1 million and ranged from zero to \$20 million per year. The only year Congress specifically appropriated discretionary funding to COPS was in FY 2002. Otherwise, discretionary funding became available when earmarked entities refused grant funds or their grant applications amounted to less than the amounts stipulated by Congress.

Because the COPS Office does not know if discretionary funding will be available from year-to-year, officials wait until the conclusion of the appropriation and the earmark award process to decide how discretionary money will be used. In FYs 1998 and 1999, the COPS Office used the discretionary monies to fund projects similar to the earmarked awards, but the awards were not focused on any particular aspect of the meth drug problem.

Since FY 2002, the COPS Meth Team has implemented a more disciplined approach and has attempted to focus discretionary funding on a particular aspect of the meth problem every year. For example, in FYs 2002 and 2003, the COPS Office implemented the Drug Endangered Children Project to focus funding on children affected by meth. This project had multiple strategies, including the development of multi-disciplinary teams from various social service areas, the development of protocols for children found at meth sites, and the purchase of equipment. In FY 2003, the COPS Office introduced the Pilot Container Storage Project to fund the acquisition and use of approved hazardous waste containers (for seized meth and precursor chemicals) to be strategically located throughout a state.

The COPS Office's recent actions to award discretionary funds are more strategic and proactive than the passive approach taken for earmarked

awards. However, due to the uncertainty of discretionary funding there is no ongoing, coordinated use of discretionary monies, and the bulk of available funds have gone into different programs in the last several years. We believe the COPS Office should consider a strategy for discretionary funds that looks to the long-term and is more comprehensive than the short-term approach used currently for discretionary funding.

## **Management and Administrative Controls**

The COPS Office's management and administrative controls over Meth Initiative grants are not adequate to ensure consistent and adequate oversight of entities receiving funding. Our audit revealed deficiencies related to the reliability of data available to COPS Office management, computer security, monitoring and oversight, grant program progress reporting, and grant closeout practices.

### *Data Reliability*

The COPS Management System (CMS) is the database that the COPS Office uses to manage and track grants through their life cycle. Early in our audit, we asked the COPS Office to provide a listing for all Meth Initiative grants awarded from the inception of the program in FY 1998 through FY 2004. The COPS Office provided a listing generated from the CMS. Our review of this initial universe revealed that it contained numerous material errors and omissions. For example, the COPS Office had omitted at least six grants from the list, many grant descriptions were missing, award amounts were incorrect, and one open grant was identified as closed. We brought these discrepancies to the attention of officials in the COPS Office, and they subsequently provided a new listing. However, we continued to identify errors and omissions, and thus repeated this process several times during the course of the audit.

In consultation with COPS Office officials, we attempted to identify the extent of the discrepancies and determine why the errors persisted. We found that, in general, the controls over the CMS were inadequate or non-existent. Specifically, we found: (1) lack of standardization in data entry, (2) a CMS user's manual that was relatively unknown and out-of-date, and (3) lack of a policy requiring periodic review of grant data for accuracy and completeness.

### *CMS Security Issues*

We also found that the CMS lacked controls related to system security. Because the CMS is the primary system for the maintenance of information

on COPS Office grants, this system should be protected to ensure system integrity and reduce the risk of unauthorized access, modification, disclosure, or loss. However, the COPS Office had not sufficiently restricted users' ability to overwrite data, and we found that 32 of 61 users with write-access did not have a legitimate need for the level of access provided. Additionally, the system does not leave a complete audit trail that tracks record changes and the user that made them. We also found that the COPS Office had not properly regulated the log-out practices of its employees. We noted two instances where employees had remained continuously logged on to the system for up to 8 months.

### *Monitoring and Oversight*

The COPS Office Grant Monitoring Division was created in 1998 to perform site visits and review the activities of COPS grantees. However, since FY 1998 only 9 of the 179 Meth Initiative grantees have received an on-site visit by the COPS Monitoring Division. In addition, members of the Meth Team had conducted on-site program reviews of 6 additional grantees during FYs 2000 and 2002.

Interviews with members of the COPS Meth Team revealed that their methods of overseeing the grants on a day-to-day basis consisted of actions such as telephone discussions with grantee officials; desk reviews of submitted reports; and responding to e-mails, letters, and other correspondence. Our review also found significant differences in the guidance and oversight provided by the various grant specialists responsible for the grants. In addition, formal guidance issued by the COPS Office has been inconsistent and contradictory. For example, several grantees used grant funds to purchase items such as furniture and vehicles, which are generally prohibited by the guidelines the COPS Office issued for the program. However, the COPS Office allowed these purchases because of the grantees' earmarked status. According to COPS officials, they did not believe that they were in the position to disallow the expenditures.

In addition, not all COPS grant managers provided grantees with the manuals developed specifically for the Meth Initiative awards, and COPS officials informed at least one earmarked grantee that it did not have to comply with the guidance in the *Meth Grant Manuals*. Additionally, the requirements regarding submission of program progress reports varied between different types of grants, as well as among the COPS grant managers responsible for administering the awards.

### *Program Progress Reporting*

Program progress reports are intended to describe information relevant to the performance of grant objectives in a narrative fashion. Program progress reports provide information on the status of funded activities and the purchase and installation of equipment and technology. The grant manuals for the Meth Initiative awards state, "Program progress reports will be distributed on a periodic basis throughout the grant period." However, as noted previously, the COPS Office issued inconsistent instructions on program progress reporting to various grantees. Moreover, the COPS Office failed to gather adequate grant implementation information because it did not require all grantees to report on their progress.

We examined the COPS Office's practices related to grantee reporting of project implementation in a sample of 13 grantees and determined that the COPS Office failed to obtain written program progress information from 5 grantees. For example, one grantee received 4 grants with award periods lasting from 21 to 42 months between May 2001 and June 2005. However, at the time we conducted our audit of this grantee in the spring of 2005, the COPS Office had obtained only one program progress report. Similarly, for another grantee the COPS Office received only one program progress report even though the entity received 2 grants with award periods lasting from 23 to 29 months between May 2001 and June 2004. Without sufficient documentation of grantee activities, the COPS Office cannot effectively monitor the implementation of grant activities or grantee compliance with grant conditions.

### *Grant Closeout Practices*

We reviewed the files of 267 Meth Initiative grants awarded between FYs 1998 and 2004 and found that the COPS Office had only closed 36 of the 72 grants eligible for closure. The remaining 36 expired grants were between 1 and 5 years past the award end date. In March 2005 we examined the files for these 36 expired grants and determined that 16 had \$824,517 in funding that grantees had not utilized and the COPS Office should have deobligated. The remaining 20 open, expired grants had no unspent funds. According to COPS officials, this situation occurred because closing grants had not been an agency priority until FY 2002. In addition, the COPS Office does not have a written policy mandating prompt closure of grants past their end dates.

In November 2005, COPS officials informed us that they had taken action to deobligate \$324,149 from five of the expired grants with funds

available. In addition, they informed us that they had subsequently paid out funds totaling \$158,323 to three grantees.

## **OIG Audits of Meth Initiative Grant Awards**

In addition to our review of the COPS Office's management of the Meth Initiative, we also audited 44 individual grants totaling approximately \$56 million that the COPS Office awarded to 13 entities between FYs 1998 and 2004.<sup>2</sup> Our audits encompassed 16 percent of the total number of Meth Initiative awards and 26 percent of the total funds awarded under the program.

We reviewed these grants to assess whether the grantees complied with requirements regarding grantee financial reporting, grant drawdowns, and budget management and control. Further, we determined if costs charged to the grants were allowable, supported, and in accordance with applicable regulations, guidelines, and terms and conditions of the grants. Based on our reviews, we identified a total of \$9,806,053 in dollar-related findings (amounting to 17.5 percent of the \$56.1 million in grant funds reviewed), which included \$9,523,622 in questioned costs and \$282,431 in funds put to better use, as illustrated by the following examples.<sup>3</sup>

- Three of 13 grantees did not properly monitor expenditures by budget category and exceeded the 10-percent transfer allowance limitation without prior approval from the COPS Office.<sup>4</sup> Their failure to obtain prior approval for budget deviations in excess of 10 percent of the grant resulted in \$1,240,042 in questioned costs.
- In 10 of the 13 audits, we found \$8,283,580 in grant expenditures that were either unsupported or unallowable. The bulk of these exceptions were due to grant expenditures for which the grantee

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<sup>2</sup> The OIG issued 13 separate grant audit reports to detail the results of our reviews. See Appendix III for a breakdown of findings by audited grantee.

<sup>3</sup> Questioned costs are expenditures that do not comply with legal, regulatory, or contractual requirements; are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable. Questioned costs can be remedied through offset, waiver, recovery of funds, or the provision of supporting documentation. Funds put to better use are future funds that could be utilized more efficiently if management took actions to implement and complete audit recommendations.

<sup>4</sup> Grantees are required to obtain prior approval from the COPS Office to make budgetary changes that cumulatively exceed 10 percent of the award. These changes may be within a budget category, such as personnel, as well as between budget categories, such as personnel and equipment.

did not have adequate support, unallowable charges for salaries and equipment, and excess drawdowns.

- There were five instances amounting to \$282,431 in which the grantee had excess funds in the budget that should be deobligated and put to better use.<sup>5</sup>

Our audits of individual Meth Initiative grants also revealed that some grantees had not complied with essential grant requirements, as explained below.

- Seven of 13 grantees either did not submit, or did not submit in a timely manner, reports of financial activity.
- Five of 13 grantees either submitted program progress reports late or did not submit these reports as requested.
- Three of 13 grantees did not maintain adequate controls over their accounting system and financial records.
- Two of 13 grantees did not maintain adequate inventory controls over several equipment items.
- Three of 13 grantees could not provide support that the awards had met their objectives, or were not adequately measuring project outputs, outcomes, and milestones.

### **Impact of Congressional Earmarks**

The COPS Office has taken limited actions towards executing the Meth Initiative due to the restrictive nature of earmarked funds. As a result of the significant use of congressional earmarks in the Meth Initiative, available funding is not always directed to the areas of the country with the greatest need, and because of the earmarks the COPS Office has been unable to fully control the program. COPS also has not established overall goals and measurements for the meth grant program to support the DOJ Strategic Plan. Moreover, the COPS Office has not complied with the congressional instruction to consult with the DEA to review earmarked grant proposals to determine if the grants were warranted.

COPS officials told us they do not possess the same latitude over the earmarked funds as they do with discretionary grant programs. However,

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<sup>5</sup> A portion of these funds amounting to \$134,729 is included in the previous discussion of the COPS Office's failure to close out grants in a timely manner.

since FY 2002 the congressional earmarks have included an instruction to the COPS Office to scrutinize the proposed projects, consult with the DEA, and award the funds if warranted. Nonetheless, the COPS Office has not consulted with the DEA, and instead has awarded all of the earmarked funds as directed by Congress.

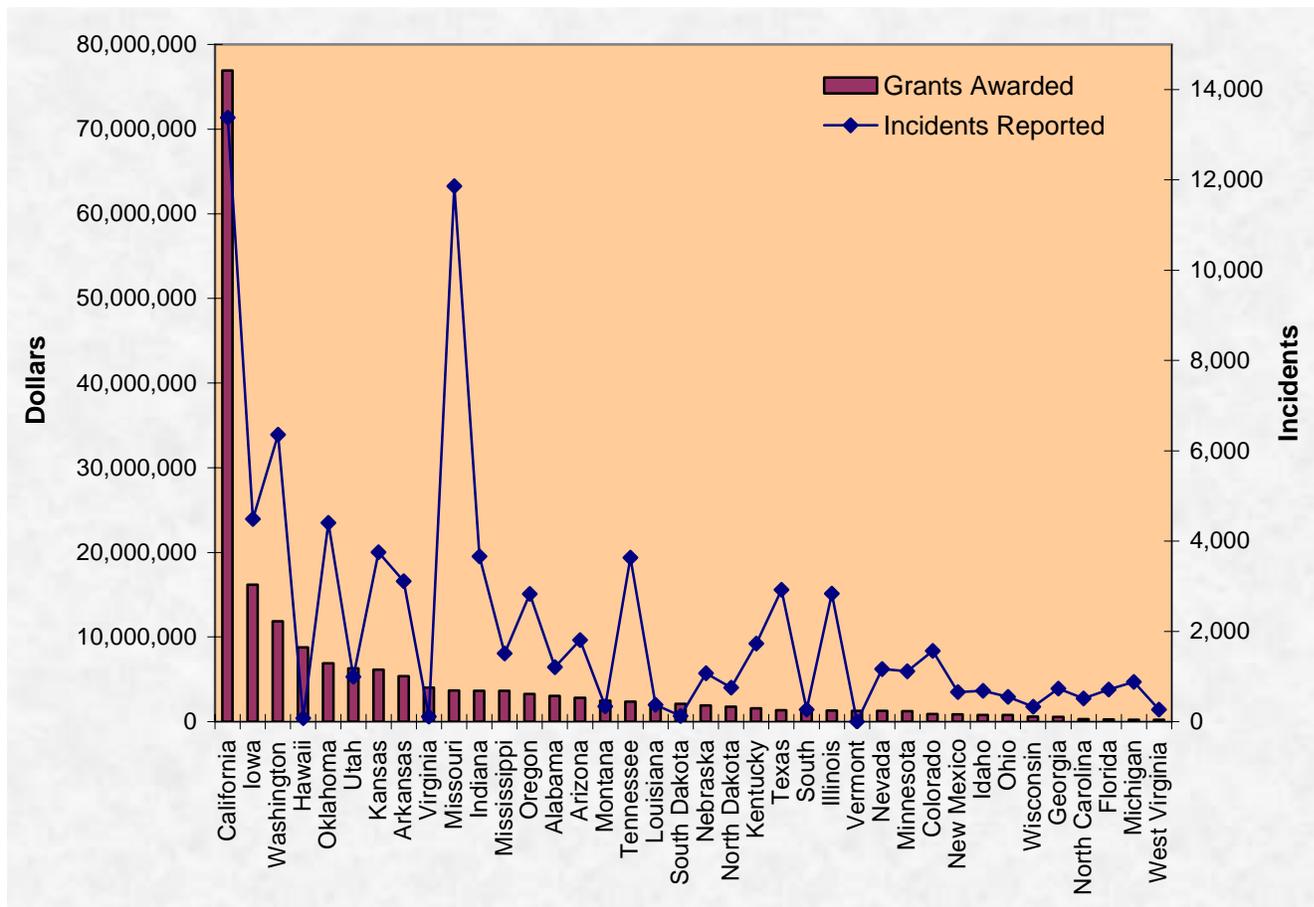
Further, the COPS Office has not strategically analyzed or assessed the necessity or benefit of awarding funds to the earmarked entities. We reviewed the distribution of funds from the inception of the program in FY 1998 through FY 2004 and compared the level of funding to the number of meth-related incidents reported to EPIC over the same period. We found that although certain states with high numbers of reported meth incidents have received significant funding through the Meth Initiative, other states with similar levels of reported meth incidents have not received similar funding. For example, California ranked first in the nation with 13,377 laboratory seizures between FYs 1998 and 2004, and it received a total of \$76.9 million in Meth Initiative funding, placing it first in a ranking of states awarded funds. In comparison, Texas ranked 10<sup>th</sup> in the number of seizures with 2,924 and was awarded over \$1.3 million, ranking it 23<sup>rd</sup> in the nation in funds received from the Meth Initiative.

Conversely, states with little or no reported meth seizures or arrests have received considerable resources through the program. For example, Hawaii reported only 90 seizures between FY 1998 and FY 2004, but received \$8.8 million, ranking fourth in dollars received. A comparison of the funds awarded and the reported seizures appears in the following chart.<sup>6</sup>

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<sup>6</sup> The states not shown on the chart had received no meth funds through FY 2004 and had few reported meth incidents.

**METH INITIATIVE FUNDS AWARDED  
AND REPORTED LABORATORY SEIZURES  
FY 1998 THROUGH FY 2004**



Source: OIG analysis of data from the COPS Office and the DEA's El Paso Intelligence Center

The COPS Office did not develop a strategic approach for administering the meth program nor plan for the strategic disbursement of funds because of the significant use of congressional earmarks and because it did not anticipate that the program would continue after its initial year. Nevertheless, we believe that establishing measurable goals and objectives could help in ensuring that Meth Initiative funds are used in the most effective and efficient manner to address the meth problem in America.

**OIG Conclusions and Recommendations**

Our audit revealed significant weaknesses in the COPS Office's management and administrative controls related to the Meth Initiative. Specifically, we identified a lack of coordination within the COPS Office, weaknesses in the COPS Management System (the database that COPS uses to manage and track grants), and insufficient and inconsistent monitoring of

grantees. In addition, our audits of individual Meth Initiative grantees revealed over \$9.8 million in dollar-related findings due to: (1) unapproved budget deviations exceeding 10 percent of the award amount, (2) unallowable and unsupported grant expenditures, and (3) excess funds on hand that should be deobligated and put to better use.

These weaknesses developed because the COPS Office lacked strong administrative oversight of the Meth Initiative and lacked policies and procedures to address these issues. According to the COPS Office, it has taken limited actions towards overseeing the Meth Initiative due to the restrictive nature of earmarked funds, which make up approximately 84 percent of the Meth Initiative funds administered by COPS. As a result of the significant use of congressional earmarks in this program, funding is not always directed to the areas of the country with the most significant meth problem.

Our report contains 17 recommendations that focus on specific steps that the COPS Office should take to improve the management and administration of the Meth Initiative, including implementing policies and procedures for the standard administration and oversight of Meth Initiative grants as well as evaluating the effectiveness of the program as a whole.

## TABLE OF CONTENTS

|   |           |
|---|-----------|
| <b>INTRODUCTION</b> .....   | <b>1</b>  |
| METH STATISTICS .....   | 2         |
| ESTABLISHMENT OF THE METH INITIATIVE .....  | 5         |
| <i>The COPS Office</i> .....  | 6         |
| <i>Drug Enforcement Administration</i> .....  | 7         |
| <i>Office of Justice Programs</i> .....   | 8         |
| OUR AUDIT APPROACH .....  | 8         |
| <b>FINDINGS AND RECOMMENDATIONS</b> .....   | <b>9</b>  |
| <b>COPS MANAGEMENT AND ADMINISTRATIVE CONTROLS NEED IMPROVEMENT</b> .....               | <b>9</b>  |
| IMPLEMENTATION OF THE METH INITIATIVE.....  | 9         |
| <i>Organizational Infrastructure</i> .....  | 10        |
| <i>Congressional Earmarks</i> .....   | 11        |
| <i>Discretionary Funding</i> .....  | 11        |
| COPS MANAGEMENT SYSTEM .....  | 14        |
| <i>Grant Data in the CMS</i> .....  | 14        |
| <i>CMS Security Matters</i> .....   | 15        |
| COPS MONITORING AND OVERSIGHT OF GRANTEES .....   | 18        |
| <i>General Oversight</i> .....  | 18        |
| <i>Monitoring Visits</i> .....  | 23        |
| GRANT CLOSEOUT PROCESS.....   | 25        |
| TRAINING GRANT SPECIALISTS .....  | 27        |
| CONCLUSION .....  | 27        |
| RECOMMENDATIONS .....   | 28        |
| <b>WEAKNESSES IDENTIFIED THROUGH OIG AUDITS OF METH INITIATIVE GRANTS</b> .....         | <b>30</b> |
| BUDGET DEVIATIONS.....  | 31        |
| GRANT EXPENDITURES .....  | 32        |
| GRANT REPORTING .....   | 34        |
| <i>Financial Status Reports</i> .....   | 34        |
| <i>Program Progress Reports</i> .....   | 35        |
| INTERNAL CONTROLS.....  | 36        |
| <i>Accounting Systems and Financial Records</i> .....                                   | 36        |
| <i>Inventory Controls</i> .....   | 37        |
| <i>Single Audit Requirement</i> .....   | 38        |
| ABILITY OF GRANTEES TO MEET AWARD OBJECTIVES .....                                      | 38        |
| CONCLUSION .....  | 39        |
| <b>LACK OF A COHESIVE NATIONAL PLAN DIMINISHES EFFECTIVENESS IN FIGHTING METH</b> ..... | <b>41</b> |

|   |           |
|---|-----------|
| CONGRESSIONAL IMPACT .....  | 41        |
| <i>Execution of Earmarked Grants</i> .....  | 41        |
| <i>Program Planning, Goals, and Objectives</i> .....  | 43        |
| <i>Distribution of Funds</i> .....  | 44        |
| OIG OVERVIEW OF METH PROBLEM .....  | 47        |
| OVERALL PROGRAM EVALUATION .....  | 49        |
| CONCLUSION .....  | 50        |
| RECOMMENDATIONS .....   | 50        |
| <b>STATEMENT ON INTERNAL CONTROLS</b> .....   | <b>51</b> |
| <b>APPENDIX I: OBJECTIVES, SCOPE, AND METHODOLOGY</b> .....   | <b>52</b> |
| <b>APPENDIX II: SCHEDULE OF DOLLAR-RELATED FINDINGS</b> .....   | <b>54</b> |
| <b>APPENDIX III: METH INITIATIVE GRANTS AUDITED BY THE OIG</b>  | <b>55</b> |
| <b>APPENDIX IV: PROGRAM DESCRIPTIONS OF THE 13 AUDITED</b><br><b>METH INITIATIVE GRANTEES</b> .....   | <b>56</b> |
| <b>APPENDIX V: EXPIRED GRANTS ELIGIBLE FOR CLOSURE</b> .....  | <b>59</b> |
| <b>APPENDIX VI: BREAKDOWN OF FINDINGS BY AUDITED</b><br><b>GRANTEE</b> .....  | <b>60</b> |
| <b>APPENDIX VII: METH INITIATIVE GRANTS TO STATES FY 1998</b><br><b>THROUGH FY 2005</b> .....   | <b>61</b> |
| <b>APPENDIX VIII: METH LAB SEIZURES BY STATE FY 1998</b><br><b>THROUGH FY 2004</b> .....  | <b>64</b> |
| <b>APPENDIX IX: SUMMARY OF FINDINGS FOR OIG AUDITS OF 13</b><br><b>METH INITIATIVE GRANTEES</b> .....   | <b>67</b> |
| <b>APPENDIX X: COMMUNITY ORIENTED POLICING SERVICES</b><br><b>RESPONSE TO THE DRAFT REPORT</b> .....  | <b>68</b> |
| <b>APPENDIX XI: OFFICE OF THE INSPECTOR GENERAL, AUDIT</b><br><b>DIVISION ANALYSIS AND SUMMARY OF ACTIONS</b><br><b>NECESSARY TO CLOSE THE REPORT</b> ..... | <b>83</b> |

## INTRODUCTION

Methamphetamine (meth) is a powerfully addictive stimulant whose use and production are increasing in the United States. The meth problem became prevalent in the early 1990s in the Southwest and Western states and since then has spread across most of the country. The Attorney General has stated that meth is our country's most dangerous drug problem. In its 2005 report, the National Association of Counties (NACo) presented the results of its survey of law enforcement agencies and county child welfare officials across the country to identify the effects of meth on their counties and their citizens.<sup>7</sup> According to NACo, 58 percent of the 500 survey respondents reported that meth is their largest drug problem and 50 percent of the respondents said that 1 in 5 inmates has committed meth-related crimes. Further, NACo reported that 40 percent of child welfare officials reported an increase in out-of-home placements resulting from meth use.

Meth is currently the most prevalent manufactured illegal drug produced in the United States and the drug is made easily in clandestine laboratories with relatively inexpensive over-the-counter ingredients. It can be snorted, smoked, or injected. Meth is a derivative of amphetamine, which is contained in many cold medications and inhalers. The ingredients used to produce meth include fertilizer (anhydrous ammonia), gun cleaner, cold remedy pills, lithium (from batteries), acetone, alcohol, phosphorous (from matches and road flares), sulfuric acid, and brake cleaner. Producers combine these ingredients during a process called "cooking," which creates toxic fumes and waste as by-products. Some of the chemicals used in the "cooking" process are volatile and frequently explode. The explosions have resulted in fires, chemical burns, serious physical injuries, and death. Every pound of meth produces five pounds of toxic waste, and cooks frequently dump the toxic waste on the ground or in the water supply, which pollutes the environment.

There are two broad categories of lab sites. One is the individual type of operation, where producers create meth for their own consumption. The second type is the large-scale production site (super-lab) where workers produce meth for wider dissemination and sale. The cost of cleaning up meth lab sites typically ranges from \$2,000 to \$5,000 for individual sites and up to \$150,000 for a super-lab site.

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<sup>7</sup> NACo was established in 1935 to represent the interest of county governments throughout the United States. Today NACo represents over 2,000 of the country's 3,066 counties. This membership represents over 80 percent of the nation's population.

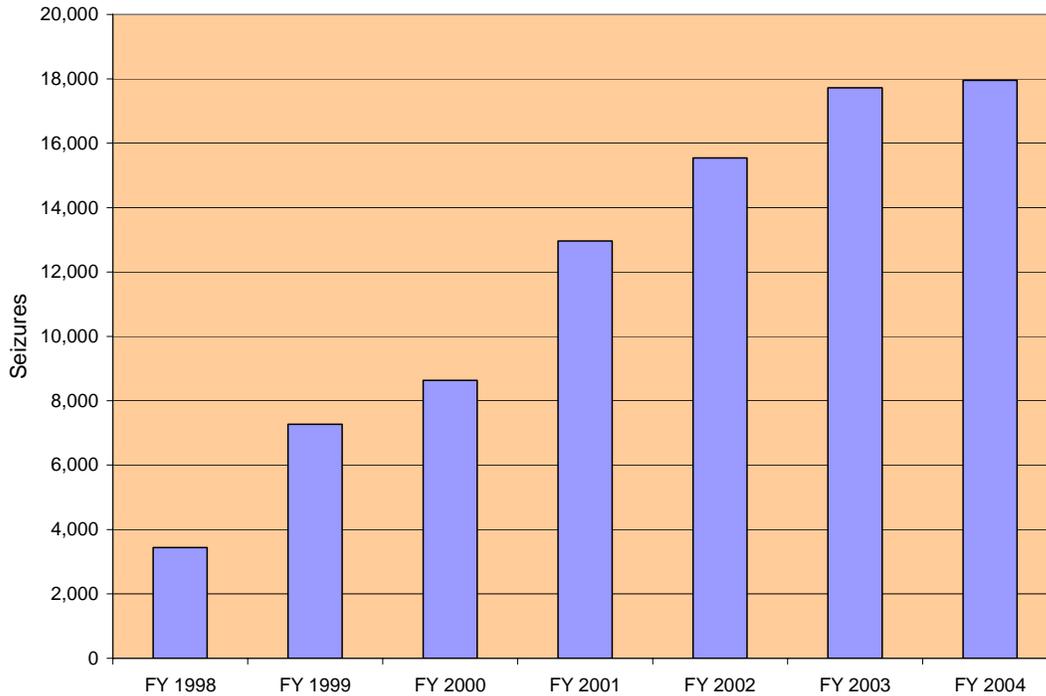
Typical meth users are in their 20s and 30s and come from all social and economic backgrounds. Meth causes hyperactivity, suppresses the appetite, and creates a sense of well-being. After the initial "rush" a state of high activity and aggressiveness can turn into violent behavior. Users typically feel the effects of meth for 6 to 8 hours. Long-term meth use can lead to stroke, hallucinations, and other forms of psychotic behavior. It also can result in convulsions, paranoia, heart attack, and death.

Meth often affects parents to the point that they severely neglect their children and fail to provide basic necessities, including proper nutrition and medical care. Meth users are more prone to physically and sexually abuse their children. In addition, children living in or near meth labs can suffer severe injuries from fires and explosions in the lab and risk acute health problems from exposure to the chemicals used in meth production.

### **Meth Statistics**

In fiscal year (FY) 1997 the Drug Enforcement Administration (DEA) began tracking statistics about the number of meth labs seized by law enforcement agencies. The DEA's El Paso Intelligence Center (EPIC) was established in 1974 and maintains the statistics in its National Clandestine Laboratory Seizure database. EPIC relies on state and local law enforcement agencies voluntarily reporting their statistics for inclusion in the database. However, only three states – California, Missouri, and Oklahoma – have mandatory reporting requirements. According to the data provided to us by EPIC, the number of clandestine laboratory seizures reported nationwide has increased from 3,441 in FY 1998 to 17,956 in FY 2004, an increase of 422 percent.

## NUMBER OF LABORATORY SEIZURES REPORTED TO EPIC FY 1998 THROUGH FY 2004

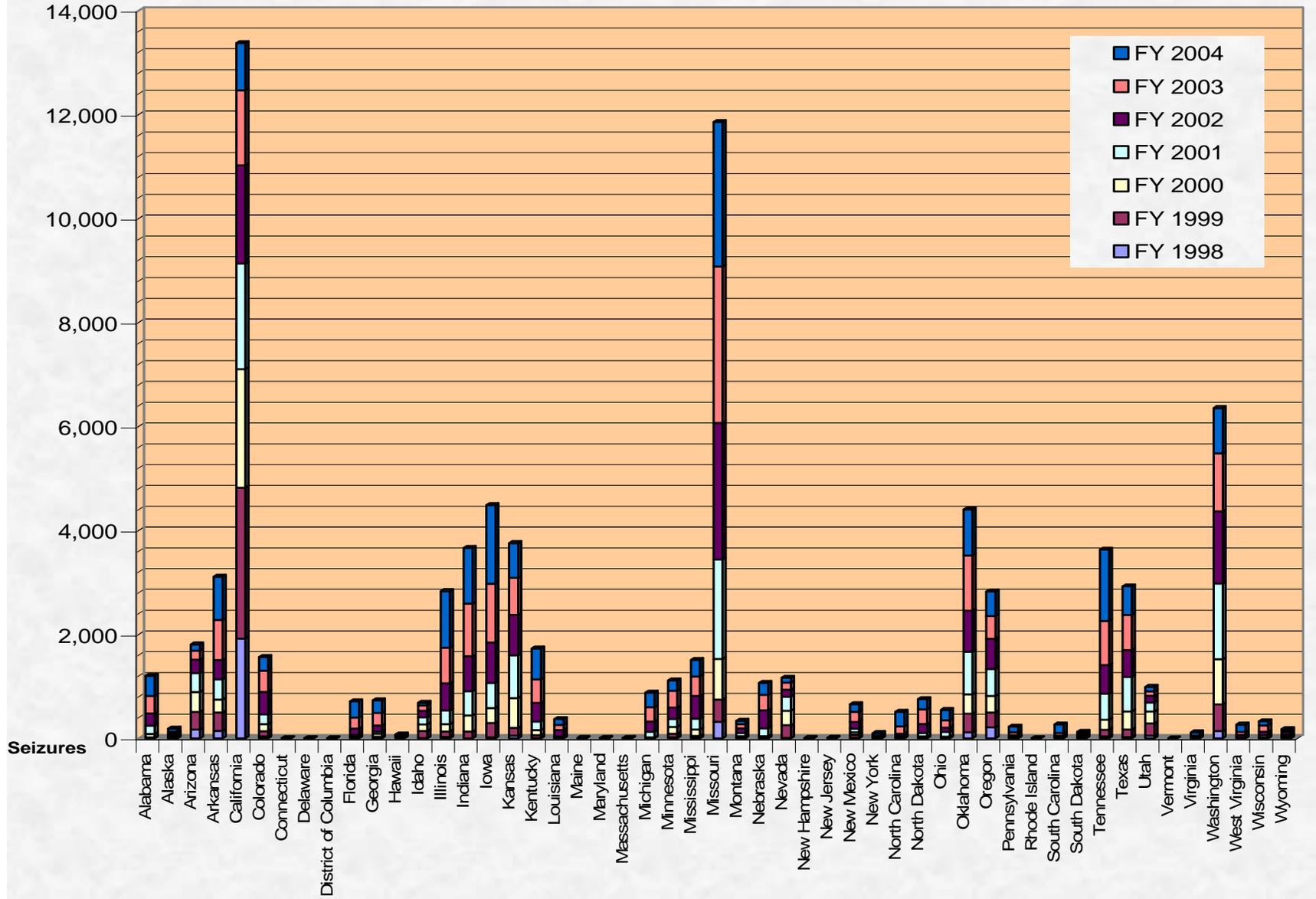


Source: The DEA's El Paso Intelligence Center

In FY 2002, EPIC started to track the number of children affected by their proximity to meth labs. The 50 states and the District of Columbia reported that meth affects, on average, 3,500 children per year (between FYs 2002 and 2004).

Using the data from laboratory seizures that police agencies report to EPIC, we created the following chart, which highlights the states with the largest reported meth problem. For example, California reported over 13,000 laboratory seizures from FYs 1998 through 2004. Further analysis of California's lab seizure statistics reveals that the number of seizures per year decreased from 1,921 in FY 1998 to 912 in FY 2004. This decrease is in contrast to Missouri where the number of reported seizures has increased over the years from 322 in FY 1998 to 2,784 in FY 2004. Missouri now has the second largest number of reported seizures during the 7-year period at almost 12,000. The chart also shows that the New England states have reported few, if any, seizures for the same period.

## NUMBER OF METH SEIZURES REPORTED TO EPIC BY STATE FY 1998 THROUGH FY 2004



Source: The DEA's El Paso Intelligence Center

## Establishment of the Meth Initiative

In FY 1998, under the authorization of the Violent Crime Control and Law Enforcement Act of 1994, Congress established the Meth Initiative to combat meth production, distribution, and use, as well as pay for the proper removal and disposal of hazardous materials at clandestine meth laboratories.<sup>8</sup> Every year since FY 1998, Congress has funded the Meth Initiative under a variety of names, such as the Meth Program or the “Meth/Drug Hot Spots” Program. The amount of program funding, by fiscal year, appears in the following table.

### METH INITIATIVE FUNDING FY 1998 THROUGH FY 2005

| Fiscal Year  | Total Funding         |
|--------------|-----------------------|
| 1998         | \$ 34,000,000         |
| 1999         | 35,000,000            |
| 2000         | 35,675,000            |
| 2001         | 48,393,300            |
| 2002         | 70,473,000            |
| 2003         | 56,760,642            |
| 2004         | 53,481,255            |
| 2005         | 51,854,020            |
| <b>Total</b> | <b>\$ 385,637,217</b> |

Source: The COPS Office

Within the Department of Justice (DOJ), three distinct components are involved in administering the Meth Initiative. Congress appropriates the totality of the funds to the Office of Community Oriented Policing Services (COPS Office). However, within the total of appropriated funds, Congress has also designated funds that are to be passed through the COPS Office to the DEA for activities associated with meth. In addition, the COPS Office has entered into reimbursement agreements with the Office of Justice Programs (OJP) to fund selected meth-related OJP activities.<sup>9</sup> The following table is a breakdown of the funding administered by each component for each fiscal year. As shown in the table, the COPS Office administered \$214.1 million

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<sup>8</sup> Pub L. No. 103-322 (1994).

<sup>9</sup> The agreements between OJP and COPS are explained in further detail on page 10.

directly, and distributed about \$46.6 million to OJP and almost \$125 million to the DEA.

### METH FUNDING APPROPRIATED BY CONGRESS

| Fiscal Year   | Administered by COPS <sup>10</sup> | Transferred to OJP  | Transferred to the DEA | Total Funding        |
|---------------|------------------------------------|---------------------|------------------------|----------------------|
| 1998          | \$ 24,500,000                      | \$ 0                | \$ 9,500,000           | \$ 34,000,000        |
| 1999          | 23,525,000                         | 0                   | 11,475,000             | 35,000,000           |
| 2000          | 19,400,000                         | 16,275,000          | 0                      | 35,675,000           |
| 2001          | 19,856,220                         | 8,581,080           | 19,956,000             | 48,393,300           |
| 2002          | 39,233,000                         | 6,750,000           | 24,490,000             | 70,473,000           |
| 2003          | 30,630,617                         | 6,110,025           | 20,020,000             | 56,760,642           |
| 2004          | 29,535,902                         | 4,155,804           | 19,789,549             | 53,481,255           |
| 2005          | 27,434,602                         | 4,686,554           | 19,732,864             | 51,854,020           |
| <b>Totals</b> | <b>\$214,115,341</b>               | <b>\$46,558,463</b> | <b>\$124,963,413</b>   | <b>\$385,637,217</b> |

Source: The COPS Office

A brief summary of the Meth Initiative responsibilities and activities of each component follows.

#### *The COPS Office*

The mission of the COPS Office is to advance community policing in jurisdictions of all sizes across the country. When Congress created the Meth Initiative, it assigned the COPS Office the responsibility for administering the program and disseminating the funding. Between FYs 1998 and 2005, the COPS Office was appropriated \$385.6 million, of which \$171.5 million was passed through to the DEA and OJP and \$214.1 million was retained for awards to state and local entities.

Much of the appropriated funding administered by the COPS Office is allocated based on detailed congressional guidance about how the monies are to be spent. In particular, "earmarks" are congressionally designated, performer-specific projects that do not appear in the agency's budget request.

Of the \$214.1 million in Meth Initiative grants awarded by the COPS Office, over \$179 million was awarded in response to congressional

<sup>10</sup> Not included in these figures are some instances, amounting to \$4,069,085, where the COPS Office recovered unspent funds from grantees or grantees withdrew from the Meth Initiative grant before its completion. In those instances, the COPS Office was able to re-award the funds in subsequent years. According to the COPS Office, it has administered about \$218 million in Meth Initiative funds.

earmarks. In addition to earmarked funding, the COPS Office administers discretionary funds, wherein the COPS Office has the discretion both to designate the recipient and the amount of the award. The total Meth Initiative discretionary funding for FYs 1998 through 2005 amounts to almost \$35.1 million.<sup>11</sup> Since the inception of the program in FY 1998, the COPS Office has created programs to assist communities in their efforts to combat meth by helping children endangered by the drug, targeting assistance to small and rural communities, and initiating a pilot program for the safe and convenient removal of hazardous waste.

*Drug Enforcement Administration*

According to the DEA, its mission is to enforce the controlled substances laws and regulations of the United States; bring those organizations and individuals involved in the growth, manufacture, or distribution of controlled substances to justice; and support non-enforcement programs aimed at reducing the availability of illicit controlled substances. Between FYs 1998 and 2005, Congress designated almost \$125 million to the DEA to fund activities related to the Meth Initiative. This funding, although specifically designated for the DEA, was passed through the COPS Office and provided to the DEA under a Memorandum of Understanding. Of the \$125 million, the DEA used \$109.3 million in reimbursement for lab cleanups performed by independent private contractors. The DEA also used \$15.6 million for training and other expenses to address the meth problem.

**METH INITIATIVE FUNDING PROVIDED TO THE DEA  
FY 1998 THROUGH FY 2005**

| <b>Fiscal Year</b> | <b>Lab Cleanup</b>   | <b>Training</b>     | <b>Other</b>       | <b>Total</b>         |
|--------------------|----------------------|---------------------|--------------------|----------------------|
| 1998               | \$ 5,000,000         | \$ 4,500,000        | \$ 0               | \$ 9,500,000         |
| 1999               | 5,000,000            | 6,475,000           | 0                  | 11,475,000           |
| 2000               | 0                    | 0                   | 0                  | 0                    |
| 2001               | 19,956,000           | 0                   | 0                  | 19,956,000           |
| 2002               | 20,000,000           | 3,500,000           | 990,000            | 24,490,000           |
| 2003               | 19,870,000           | 0                   | 150,000            | 20,020,000           |
| 2004               | 19,789,549           | 0                   | 0                  | 19,789,549           |
| 2005               | 19,732,864           | 0                   | 0                  | 19,732,864           |
| <b>Totals</b>      | <b>\$109,348,413</b> | <b>\$14,475,000</b> | <b>\$1,140,000</b> | <b>\$124,963,413</b> |

Source: The COPS Office

<sup>11</sup> According to COPS Office officials, the discretionary funds consist of non-earmarked funds appropriated by Congress, as well as the previously mentioned unspent funds that the COPS Office recovered from grantees.

## *Office of Justice Programs*

According to OJP, its mission is to provide federal leadership in developing the nation's capacity to prevent and control crime, improve criminal and juvenile justice systems, increase knowledge about crime and related issues, and assist crime victims. This is done through a variety of grant programs. OJP and the COPS Office entered into reimbursement agreements (RA) totaling \$46.6 million for FYs 2000 through 2005 to transfer responsibility for administering all aspects of several meth-related grants from the COPS Office to OJP. COPS officials told us that the grantees selected for inclusion under the RAs were grantees that OJP was already overseeing because the entities had other DOJ grants. The COPS Office took this action to ensure that grantees only had to work with one grant-making agency for all of their programs.

### **Our Audit Approach**

We reviewed the Meth Initiative from two perspectives. First, we reviewed the COPS Office's management and administration of its meth grant funds. Second, we performed audits of selected grants that the COPS Office awarded under the Meth Initiative between FYs 1998 and 2004.<sup>12</sup>

To review the COPS Office's management and administration of the Meth Initiative, we examined correspondence, grant manuals, policies, and procedures. We also interviewed officials and staff in the COPS Office, the DEA, and OJP. Further, we researched the appropriation legislation and related legislative history. In addition, we reviewed statistics on meth labs, seizures of meth, and other meth-related topics collected by EPIC, as well as historical information about the emergence of the meth problem. Finally, we attended the 2005 COPS Meth Conference to obtain background information, make contact with individual grantees, and observe information-sharing among participants.

To assess grantee performance at the local level, we conducted audits of 44 grants (to 13 separate entities) that the COPS Office awarded from the inception of the program in FY 1998 through FY 2004. We conducted these audits to determine whether the grantees complied with requirements regarding grantee financial reporting, grant drawdowns, and budget management and control. In addition, we tested expenditures to determine if costs charged to the grant program were allowable, supported, and in accordance with applicable regulations, guidelines, and terms and conditions of the grants.

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<sup>12</sup> See Appendix III for a list of the audits of the COPS Meth Initiative grants conducted by the Office of the Inspector General, Audit Division.

## **FINDINGS AND RECOMMENDATIONS**

### **1. COPS MANAGEMENT AND ADMINISTRATIVE CONTROLS NEED IMPROVEMENT**

We found significant weaknesses in the COPS Office's management and administrative controls related to the Meth Initiative. Specifically, we identified separate entities within the COPS Office that were awarding and monitoring Meth Initiative grants with no overall coordination. Further, our review identified weaknesses in the COPS Management System, which is the database that the COPS Office uses to manage and track grants. As a result, the system could not be relied upon to provide accurate data about the Meth Initiative as a whole. We also found that the COPS Office was not sufficiently monitoring its grantees, and its administration of grants was inconsistent, resulting in different standards for various grantees under the same program. In addition, the COPS Office had closed only 36 of 72 grants (50 percent) that were eligible for closure. The remaining 36 expired grants were, on average, about 26 months past the award end date. Sixteen of these outstanding grants had \$824,517 in available funding that should have been deobligated and put to better use. Finally, the COPS Office does not provide consistent training or guidance in grants administration to the grant specialists responsible for administering the awards. These weaknesses developed because the COPS Office lacked strong administrative oversight of the Meth Initiative and lacked policies and procedures to address these issues.

### **Implementation of the Meth Initiative**

Congress appropriated over \$385.6 million for the Meth Initiative between FYs 1998 and 2005, of which the COPS Office received about \$214.1 million for grants to state and local entities. Congress earmarked approximately 84 percent of the \$214.1 million for specific entities or locales. Therefore, the COPS Office has discretion to select only a small number of the grant recipients and projects. Further, the COPS Office did not expect to receive the Meth Initiative funding from Congress. As a result, there are separate entities within the COPS Office and in OJP awarding and monitoring Meth Initiative grants with no overall coordination between them.

## *Organizational Infrastructure*

According to COPS personnel, the initial FY 1998 appropriation for the Meth Initiative was unexpected. They further stated that they originally did not anticipate any funding beyond that initial year for the program. The COPS Office formed a Meth Team under the Grant Administration Division to monitor the majority of meth awards being made to grantees who were not already covered by its existing structure, which included the Training and Technical Assistance Division and the Program, Policy Support, and Evaluation Division. Subsequent awards to grantees previously assigned to these other Divisions remained under their administration. As a result, three separate and distinct organizational units within the COPS Office processed the first Meth Initiative awards. Assignment of grants among these Divisions was dependent upon the type or purpose of the award. For example, the COPS Office assigned a grant for a training center to the Training and Technical Assistance Division.

We interviewed representatives from each of the organizational units and were told that each oversight group acted independently. There has been no regular communication among individuals in the various units to foster uniform administration of the meth awards, or to share information on matters such as policies, procedures, concerns, and best practices.

Moreover, in FY 2000 officials from the COPS Office and OJP met and executed a reimbursement agreement to transfer certain Meth Initiative grants from the COPS Office to OJP. In general, the transferred grants were for awardees that were already receiving funds from OJP but were not an active COPS grantee in FY 2000. OJP and the COPS Office have signed reimbursement agreements each year since FY 2000, and a total of 43 awards amounting to about \$46.6 million has been transferred to OJP. According to both OJP and the COPS Office, there is limited communication between the two agencies regarding the administration, monitoring, or oversight of the transferred Meth Initiative grants.

As a result, the four separate entities currently are awarding and monitoring Meth Initiative grants with no overall coordination among them. The former Meth Team leader stated that in 2004 the Meth Team attempted to coordinate the Meth Initiative by meeting quarterly with external partners, such as DEA and OJP. However, these meetings were not successful because attendance was not consistent and the endeavor fell by the wayside.

### *Congressional Earmarks*

Congress has appropriated over \$385.6 million for the Meth Initiative between FYs 1998 and 2005, of which the COPS Office received about \$214.1 million. Most of the money that the COPS Office receives comes in the form of congressional earmarks. Generally, the congressional conference or committee reports that accompany the approved appropriations bill list the earmarked projects. The reports typically list only the entity, a very general description of the project, and the amount allocated.

More than \$179 million of the \$214.1 million of the COPS Meth Initiative funds, approximately 84 percent, has been designated by Congress for specific entities or locales. The earmarking process does not require projects to be vetted for duplication, necessity, fiscal accountability, or any other factor normally reviewed by a granting agency through the solicitation and selection process.

### *Discretionary Funding*

Although Congress has earmarked the majority of Meth Initiative funding, the COPS Office does administer some discretionary funds, where it designates both the recipient and the amount of the award within the amount of discretionary funding available. However, the amount of discretionary funding available to the COPS Office from year-to-year has been limited and has not been certain or predictable.

Congress directly appropriated discretionary funding only in FY 2002. In the other years, discretionary funds administered under the Meth Initiative became available when a grantee did not accept an earmark award or when an earmarked grantee's proposed budget or total expenditures totaled less than the earmarked amount. Discretionary funding over the years has ranged from zero to \$20 million, as shown in the following table.

**DISCRETIONARY METH FUNDING  
ADMINISTERED BY COPS**

| Fiscal Year  | Discretionary Funding |
|--------------|-----------------------|
| 1998         | \$ 5,100,000          |
| 1999         | 3,600,000             |
| 2000         | 0                     |
| 2001         | 3,791,640             |
| 2002         | 20,000,000            |
| 2003         | 2,197,620             |
| 2004         | 385,896               |
| 2005         | 0                     |
| <b>Total</b> | <b>\$35,075,156</b>   |

Source: The COPS Office

Because the COPS Office does not know each year if discretionary funding will be available, officials wait until the conclusion of the appropriation and earmark award process to decide how any such money will be used. In FYs 1998 and 1999, according to the former COPS Meth Team Leader, the COPS Office used the discretionary monies to fund projects very similar to the earmarked awards, but the awards were not focused on any particular aspect of the meth drug problem.

However, since FY 2002 the COPS Meth Team has attempted, on a year-by-year basis, to focus funding on a particular aspect of the meth problem. Generally, the Meth Team did not utilize the funds for the same purpose every year, nor did they receive additional discretionary funding to continue these projects from year-to-year. The discretionary projects included those described below.

- In FY 2002, the COPS Office initiated the Small Rural Communities Meth Project. The overall goal of this project was to assist communities with populations of less than 150,000 in developing a community policing strategy to reduce the harmful effects of meth. Areas of participation could include sharing of intelligence information; development of partnerships and multi-disciplinary teams to respond to meth; development of protocols for the assessment and treatment of persons found in meth labs; and the enhancement of strategies, protocols, technology, and equipment to reduce the harmful effects of meth on children.
- In FYs 2002 and 2003, the COPS Office implemented the Drug Endangered Children Project to focus funding on children affected by meth. Several strategies were identified including

the: (1) development or expansion of existing inter-agency, multi-disciplinary teams comprised of specialists from a variety of social services areas such as child welfare, legal assistance, medical care, and law enforcement; (2) development of protocols for the identification, assessment, and treatment of children found at meth sites; and (3) purchase of equipment to provide immediate care, decontamination, medical evaluation, and comfort to child victims recovered from meth labs and drug sites.

- In FY 2003, the COPS Office introduced the Pilot Container Storage Project. This project was created to fund the acquisition and use of approved hazardous waste containers (for disposal of meth and precursor chemicals) to be strategically located throughout a state.
- The COPS Office conducted national Meth Initiative conferences in December 1999, August 2000, May 2002, November 2003, and January 2005. Three of these meetings (May 2002, November 2003, and January 2005) were funded with discretionary monies. The purpose of these meetings was to provide grantees with meth-related training, such as first-responder instruction and hazardous waste safety, as well as to assist grantees with building partnerships and increasing collaborative efforts in their local communities. The conferences included interactive workshops and presentations by federal, state, and local agencies, and focused on meth enforcement, prevention, treatment, drug-endangered children, information sharing, and intelligence gathering.

In administering the discretionary grant projects, the Meth Team develops an application package and sends out a notice of fund availability to targeted grantees soliciting them to submit a grant application. According to the former Meth Team leader, they base their rankings and funding decisions on a variety of factors. For example, Meth Team members stated that (1) they determine whether the objectives of the proposed project will support the overall focus that the Meth Team developed for that year; (2) they attempt to ensure that the awards are geographically dispersed and that funding is not unduly concentrated in a particular area; (3) they confirm that the proposal does not include unallowable costs; and (4) they attempt to determine the likelihood that the proposed endeavor will succeed. Once all of these steps are completed, the COPS Office awards the discretionary grants. However, due to the uncertainty of discretionary funding there is no ongoing, coordinated use of discretionary monies, and the bulk of available

funds have gone into different programs in the last several years. Further, the COPS Office decides on a year-to-year basis how the funds will be used.

## **COPS Management System**

The COPS Management System (CMS) is a database used by COPS staff to manage and track grants throughout their life cycle. Our review identified weaknesses in this system related to security and data accuracy and reliability.

### *Grant Data in the CMS*

The CMS contains different modules for different types of grants (e.g., meth grants, hiring grants, technical grants). The records in the modules contain specific information about each of the grants, such as award dates, grant status (open or closed), dollar amount of funds awarded, and administrative issues. Consequently, COPS officials stated that all COPS Office staff depend upon the CMS for grant data.

In the early stages of our audit, we requested that the COPS Office provide a list of all of the Meth Initiative grants awarded from the inception of the program in FY 1998 through FY 2004. The COPS Office provided a listing generated from the CMS. Our cursory review of this initial universe revealed that it contained numerous errors and omissions. For example, we determined that the COPS Office had omitted at least six grants from the list.

We brought these discrepancies to the attention of officials in the COPS Office. Subsequently, the COPS Office provided new universe listings. However, we continued to identify errors and omissions, such as missing grant descriptions, grants with incorrect award amounts, and an open grant identified as closed. We repeated this process several times until we obtained a complete listing containing all 267 Meth Initiative awards that accounted for all appropriations through FY 2004.

Working with officials in the COPS Office, we sought to identify the extent of the discrepancies and determine why the errors persisted. We found that, in general, the controls over the CMS were inadequate or non-existent. Specifically, we found: (1) a lack of standardization in data entry, (2) a CMS user manual that was relatively unknown and out-of-date, and (3) a lack of a policy requiring periodic review of grant data for accuracy and completeness.

Standardization – As noted previously, various organizational units within the COPS Office were responsible for administering Meth Initiative grants. When individuals within these units entered information on individual grants into the CMS, they used different terms and descriptions. For example, the Program, Policy Support, and Evaluation Division and the Training and Technical Assistance Division titled their Meth Initiative grants as “PPSEGRANT”, or “PPSECA” or “OTHER-METH” or “TRAINING.” The COPS Meth Team consistently titled its grants as “COPS Meth.” In addition, staff in the COPS Office did not use consistent terms to identify the status of grants in the CMS. For example, individuals used the terms “pending” and “hold” to identify the same grant application status.

Because of these inconsistencies, overall program information was not easily retrievable from the CMS. The inconsistencies also caused many of the omissions in the early versions of the universe listings that the COPS Office provided to us.

User Manual – We determined that a CMS user manual existed and was available electronically. However, our interviews with staff in the COPS Office revealed that knowledge and use of the manual varied from individual to individual. Our review of the manual showed that there was no guidance on how to use the CMS for managing Meth Initiative grants, including the establishment of consistent terms to define grant status. Further, the COPS Office had not updated the manual since 1999 even though the system had undergone significant revisions since that time, including the creation of a module dedicated to the Meth Initiative. We believe that the lack of information about the Meth Initiative module and the failure to include explanations of common terms limited the manual’s usefulness to the Meth Team.

Review of Data Accuracy – Meth Team members were responsible for reviewing their assigned grants and checking the accuracy of the data entered into the CMS. The Meth Team leader told us that he and the deputy team leader reviewed individual grant information after the Control Desk initially entered a grant into the system. However, the Meth Team leader stated that the COPS Office had not performed an overall review of the grant information in CMS for accuracy and completeness.

### *CMS Security Matters*

The CMS is the primary system for the maintenance of information on COPS Office grants. Therefore, this system should be adequately protected to ensure system integrity and reduce the risk of unauthorized access, modification, disclosure, or loss. However, we found that the CMS lacked

adequate controls related to system security. Specifically, the COPS Office had not sufficiently restricted users' ability to overwrite data or properly regulated employee log-out practices, as detailed below.

Write-access – All employees and contractors who work at the COPS Office have, at a minimum, read-only access to the CMS, which allows the user to view information in each module or program but not the ability to add or change data. However, in our opinion, only select employees should have write-access, which allows the user to add or change information in the various modules in the system.

COPS Office Information Technology (IT) staff told us that no one could delete an entire grant record from the CMS, but anyone with write-access could change data in a record. For example, an individual with write-access could extend an end date of a grant or change the status without the proper authority or the need to do so. Additionally, the system does not leave a complete audit trail that tracks record changes and the user that made them.

In addition to the lack of audit trails, we found that the COPS Office had not sufficiently limited the number of personnel with write-access to Meth Initiative grants. In January 2005, the COPS Office provided us with a listing of staff with write-access to the COPS Meth Initiative grant module in the CMS. The list contained 61 names and we reviewed each individual's employment status and area of responsibility for the applicable period. Our results revealed that 29 of the 61 persons on the list required write-access to the Meth Initiative module because they were on the Meth Team or worked in the COPS Finance, IT, Training and Technical Assistance, or Legal Divisions. Conversely, the COPS Office confirmed that the remaining 32 users did not have a legitimate need for write-access to the entire Meth Initiative module in the CMS. Three of these individuals were no longer employed by the COPS Office. However, COPS officials confirmed at the exit conference that access to the COPS network system for the three individuals had been removed in a timely manner.

We discussed our exceptions with COPS officials who agreed with our assessments. They explained that the COPS Office updated the CMS software in July 2004, which enabled the COPS IT staff to restrict write-access of individual users to particular areas, such as the grant closeout modules. At the outset of our audit, employees on the grant closeout team and in other areas still had full write-access to the COPS Meth Initiative module and their access had not been appropriately limited to the areas for which they were responsible.

Between February and September 2005, COPS Office staff took action to correct some of the weaknesses we identified. Specifically, COPS officials modified the contract employee departure checklist to ensure that the departing user's name would be removed from the general operating and CMS systems. In addition, for the 32 users that we identified in January 2005 as not requiring write-access, the COPS Office performed the following corrections:

- The names of 3 individuals no longer employed by the COPS Office were removed from the CMS;
- Write-access in the CMS Meth Initiative module was removed for the names of 10 individuals no longer on the Meth team; and
- Write-access for 19 individuals was strictly limited to the areas within the Meth Initiative module for which the individuals had responsibility.

However, managers in the COPS Office stated that they did not have a written policy requiring periodic review of users with write-access to the CMS. In our opinion, good internal controls dictate keeping the number of users with write-access to each module at a minimum and allowing individuals to have write-access pertaining only to their areas of responsibility. We believe that the COPS Office should adopt measures to prevent personnel without a legitimate need from having access to information systems and ensure that there are procedures covering user accounts, including policies for requesting, setting up, suspending, or closing user accounts. In addition, management should periodically review access rights.

Employee Log-out Practices – During our review of the CMS write-access controls discussed above, we found that the COPS Office had not properly regulated the log-out practices of its employees. As noted in the previous section, the COPS Office had not discontinued CMS access for employees who were no longer employed by COPS. When we discussed this issue with COPS IT officials, we learned that system records showed that two individuals who no longer worked for the COPS Office had not properly logged out of the system. These former employees had last logged on the system 8 months prior to their separation from the agency. These log-ons remained active until we brought the issue to the attention of COPS IT staff. According to COPS IT officials, COPS Office employees have been told to log out, but were aware that employees often choose not to log out of the CMS at the end of the day.

COPS IT officials recognized that these log-out practices were improper but did not present a bona fide security risk to the system. However, these officials stated that the system currently does not have the ability to automatically log individuals out of the system if their machine is left on over a significant period of time.

## **COPS Monitoring and Oversight of Grantees**

Good grant management practices require sufficient oversight and review of the grantee's reports and activities to determine the status of the grantee's achievement of the grant objectives. We found that the COPS Office did not have written procedures for general oversight of the Meth Initiative grants and individual Meth Team members were not monitoring the grantees consistently.

### *General Oversight*

COPS Grant Program Specialists are responsible for managing and overseeing individual grant awards assigned to them. As noted on page 10, three separate groups in the COPS Office have responsibility for the various Meth Initiative grants. Since its creation in FY 1998, the COPS Meth Team has been responsible for the majority of Meth Initiative grants.

Interviews with members of the COPS Meth Team revealed that their methods of overseeing the grants on a day-to-day basis consisted of actions such as telephone discussions with grantee officials; desk reviews of submitted reports; and responding to e-mails, letters, and other correspondence. Discussion areas included programmatic issues such as award modifications, grant extensions, and the completion of required reports. We examined the COPS Office's oversight of Meth Initiative grants and found significant differences in the guidance and oversight provided by the various grant specialists responsible for the grants. The individual grant specialists did not have a standard method, format, or location for documenting their monitoring activities. Moreover, formal guidance issued by the COPS Office was inconsistent and contradictory, as described below.

*COPS Meth Grant Manuals* – COPS informed us that guidance for Meth Initiative grantees can be found in grant manuals issued specifically for the program. In 1999, the COPS Office issued its first manual for meth grants, entitled the "*Methamphetamine Initiative Grant Owners Manual*" (*Meth Grant Manual*). The COPS Office revised the manual in 2001, 2002 and again in 2005.

We found that COPS grant program specialists outside of the Meth Team were not aware of the manuals. Therefore, these grant program specialists did not provide them to their grantees. During our audits of 13 individual Meth Initiative grantees, we found 3 grantees (the Mississippi Bureau of Narcotics; Prairie View Prevention Services of South Dakota; and the Sioux City, Iowa, Police Department) had not been informed of the *Meth Grant Manuals*. Consequently, the various COPS grant program specialists managing Meth Initiative grants were using different standards and providing inconsistent guidance to grantees under the same program.

Moreover, several COPS officials told us that congressionally earmarked grants were stand-alone grants and that such grantees were not required to comply with the *Meth Grant Manual* requirements. However, this is contradicted by the standard grant acceptance documents, which the COPS Office used for both discretionary and earmarked awards that include a provision requiring the grantees to adhere to the grant manuals. For example, although Prairie View Prevention Services of South Dakota (a for-profit group) signed formal assurances statements agreeing to comply with the manuals' provisions, officials in the COPS Office told us that this grantee was not required to comply with the *Meth Grant Manuals* because of their for-profit status.<sup>13</sup> In addition, COPS officials stated that they believed that Congress expected the COPS Office to approve funding to earmarked grantees.

During our audits of specific Meth Initiative grants, we found that several grantees had used grant funds to purchase items generally prohibited by the *Meth Grant Manuals*. In these cases, however, the COPS Office had authorized the use of funds by approving the grant application, which clearly stipulated how the funds would be used.

For example, according to the *Meth Grant Manuals* and a list of unallowable costs provided to grantees by the COPS Office, costs for furniture, photocopiers, telecommunications equipment, and vehicles were unallowable. However, with the approval of the COPS Office, earmarked grantees used Meth Initiative funds for expenditures related to these types of items. Specifically, the Alabama Department of Public Safety spent approximately \$27,000 on

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<sup>13</sup> Included in the grant assurances signed by Prairie View officials is the following statement: "You will comply with all requirements imposed by the Department of Justice as a condition or administrative requirement of the grant; with the program guidelines; with the requirements of OMB Circulars A-87 (governing cost calculations), and A-128, or A-133 (governing audits); . . . with the provisions of the current edition of the appropriate COPS grant owner's manual; and with all other applicable laws, orders, regulations or circulars." [Emphasis added.]

several unallowable items, such as personal data assistant units, mobile radios, and a television. The Sioux City, Iowa, Police Department used Meth Initiative grant funds for costs related to furniture and vehicles. In these instances, the COPS Office approved the submitted budget, which stipulated that each of the grantees intended to use Meth Initiative funds for the types of items normally prohibited by the *Meth Grant Manuals*.

The COPS Office also approved itemized grant budgets for the Vermont State Police that included salary and benefits for existing officers, which is prohibited under the *Meth Grant Manuals*.<sup>14</sup> The Program Manager was unable to explain why the COPS Office approved budgets that were clearly contrary to the guidance in the manuals.

Similarly, the *Meth Grant Manuals* stated that meals and refreshments associated with meetings were unallowable costs and therefore could not be charged to the Meth Initiative grants. However, our audit of Prairie View Prevention Services of South Dakota identified that the COPS Office allowed this grantee to provide meals and refreshments totaling \$2,688 for meetings associated with the dissemination of information on meth, and to charge the expense to the grant. Additionally, the COPS Office approved the grantee's purchase of three photocopiers.

In our judgment, there is nothing inherent in a congressional earmark that would exempt either an administering agency from applying program guidelines consistently or a grantee from adhering to such guidelines. Further, we believe there is nothing in the nature of earmarked grants that prohibits the agency administering such grants from reviewing grant applications and budgets to ensure they meet the stated requirements of the program. In fact, since FY 2002 the congressional reports containing the Meth Initiative earmarks have explicitly stated that Congress expected the COPS Office to examine each of the proposals and to provide grants only if warranted. Consequently, we believe that the COPS Office has a responsibility to provide consistent oversight of grantees in the administration of grant awards, which includes requiring that both earmarked and discretionary grantees adhere to the same guidelines.<sup>15</sup>

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<sup>14</sup> Elsewhere in the grant application the grantee stated that award funds would be used for *new hires*. However, the line item in the budget contains costs for "senior troopers." Review of grantee expenditures revealed that the entity received reimbursement for existing officers.

<sup>15</sup> At the exit conference, COPS officials stated that unallowable items listed in the manual may be funded under extremely limited and extenuating circumstances and at their discretion. However, our review noted that the COPS Office had approved items on the unallowable list for about a third of the grantees audited.

Grantee Reporting Requirements - The first three versions of the COPS *Meth Grant Manuals* stated that the COPS Office will distribute program progress reports on a periodic basis throughout the grant period, but do not define periodic, while the most recent 2005 version stated they will be due upon request but does not include specific timeframes as to when, if at all, these reports will be requested. We examined the Meth Initiative grant reporting practices and found inconsistencies in reporting requirements between different types of grants. In addition, we identified that the COPS Office lacked a formal process for distributing and collecting program progress reports.

For example, the application documentation for the discretionary Meth Initiative awards under COPS' Drug Endangered Children program and the FY 1999 grant application for earmarked Meth Initiative grants stated that program progress reports were due semiannually with a final report due at the end of the grant. Further, the application for discretionary awards under the Small Rural Communities program required annual program progress reports and a final program progress report upon completion of the grant. Finally, the application for FY 2004 earmarks merely states that program progress reports are due on a periodic basis.

Several Meth Team members stated they were responsible for sending out the reports and obtaining feedback from grantees. However, the former Meth Team leader told us that a contract employee sent the mid-grant program progress reports around the middle of a grant period. Finally, two grant program specialists stated they sent the report to their grantees every quarter, while another grant program specialist stated that the reports were sent annually.

The different reporting requirements coupled with the lack of a formal process is confusing and may have contributed to the inconsistent reporting practices of grantees. During our audits of 13 individual Meth Initiative grantees, we identified weaknesses attributed primarily to the grantees (such as the failure to submit requested reports) and these are detailed in Finding 2. However, these reviews also revealed that the COPS Office failed to gather adequate grant implementation information because it did not require grantees to report on their progress.

To examine the COPS Office's practices related to grantee reporting of project implementation, we examined its efforts to collect grant program progress reports from the 13 grantees that we audited. For each grantee, we examined the number of awards received, the grant award periods, and

the number of program progress reports that the COPS Office required the grantee to submit.

We determined that the COPS Office failed to obtain written program progress information from 5 of 13 grantees. Specifically, the Mississippi Bureau of Narcotics received four grants with award periods lasting from 21 to 42 months between May 2001 and June 2005. However, at the time we conducted our audit in the spring of 2005, the COPS Office had obtained only one program progress report from this grantee. Similarly, the COPS Office received only one program progress report from the Arkansas State Police even though the entity received 2 grants with award periods lasting from 23 to 29 months between May 2001 and June 2004. In addition, the Sioux City, Iowa, Police Department, received 6 grants with award periods lasting from 15 to 23 months between October 1997 and September 2004, but did not obtain written reports covering the final four grants. Moreover, the Pierce County, Washington, Alliance received three grants between May 2002 and January 2006 and the COPS Office required the grantee to submit only two program progress reports during that timeframe. Finally, the California Department of Justice received 6 grants with award periods lasting from 24 to 48 months between May 2001 and June 2006. However, the COPS Office had not obtained any program progress reports as of March 2005 from this grantee. According to grantee officials, the COPS Office requested that they submit a program progress report for each of its six grants less than 1 week before we began our on-site work in California in April 2005.

Without sufficient documentation of grantee activities, the COPS Office cannot effectively monitor grant activities or grantee compliance with grant conditions. Because of the large amount of funds awarded under the Meth Initiative and the deficiencies in the COPS Office's practices for requesting program progress reports, we believe that the COPS Office needs to clarify and strengthen its reporting requirements and ensure that grantees are required to report on their activities at least annually. The COPS Meth Team leader concurred with this finding and told us in September 2005 that he had instructed team members to require semiannual program progress reports for all currently open awards.

Lessons Learned/Best Practices – In addition to the deficiencies cited above, we noted that the COPS Meth Team did not take full advantage of the information it learned through its administration of grant awards, and failed to share this information with others. For example, Meth Team members did not compile a list of common weaknesses they identified through their reviews of program progress reports, audits, site visits, and phone contacts with grantees. Such a compilation could alert other Meth Team members

and new employees of specific matters to be aware of and could assist in the timely correction of deficiencies.

Further, we believe that the Meth Team members could be more proactive in the sharing of information about best practices and successful strategies employed by various grantees. Numerous grantees told us that the Meth Initiative conferences sponsored by the COPS Office afforded them a good opportunity to network and share information with other grantees in the program. However, we noted that these conferences occur somewhat irregularly and COPS Office officials stated that not all interested parties could attend due to limited availability of space. For these individuals and others searching for information on a more regular basis, the COPS Office has funded the creation of a website for sharing information on successful grant strategies for all grant programs. However, grantees input information voluntarily and this website has had very little information on Meth Initiative programs. We believe that the COPS Office could also provide input and should encourage grantees to use the website for sharing their best practices.

The COPS Office could also look for additional ways to provide information and training to its Meth Initiative grantees and others in the law enforcement community through pre-established sources. For example, through other grant programs that it administers, the COPS Office provides funding to 27 training centers known as Regional Community Policing Institutes. These training centers teach various law enforcement courses, such as community policing, reducing domestic violence, and ethics. However, we reviewed a list of the types of courses provided and noted that only one of the training centers offers any classes specifically related to meth (the institute in Colorado offers classes on identifying and handling clandestine meth laboratories). Because the meth problem appears to be growing in the United States and not all interested parties can attend the COPS meth conferences, we believe that the COPS Office should examine the possibility of encouraging the COPS-funded training centers to provide additional meth-related coursework.

### *Monitoring Visits*

COPS Office staff stated that the Grant Monitoring Division was created in 1998 to perform site visits and review the activities of COPS grantees. According to the COPS Office, the Grant Monitoring Division selected grantees for on-site visits by focusing on dollar amount, as well as grantees who were not previously reviewed, grantees having multiple grants, and grantees with compliance issues. Meth awards were not the focus during the selection process.

After the COPS Grant Monitoring Division chose the sites, the individual grant monitors notified the grantee and requested that the grantee have grant documents ready for review. When conducting the reviews, the Grant Monitoring Division staff were to be on-site 1 to 3 days and examine the grantee's progress toward grant objectives and compliance with regulations, laws, and conditions of the grants. According to the Monitoring Operations Manual, the monitors were mainly concerned with retention of officers, community policing, redeployment, support for expenses, and programmatic and financial reporting.<sup>16</sup> If the grantee has a Meth Initiative grant, the Monitoring Division instructs the grantee to make photocopies of all supporting documentation for the expenses claimed under the grant, performs a cursory review of the documents, and then forwards the total package to the Meth Team. Following the completion of the review, the Meth Team is responsible for all required follow-up related to the Meth Initiative grants.

We found that since FY 1998, only 9 of the 179 Meth Initiative grantees have received an on-site review by the COPS Office. In addition, the reports for the nine grantees that received on-site reviews were limited in nature and did not contain much detailed information regarding the Meth Initiative grants. The reports generally listed grant number, period covered, award amount, objectives, dollars approved by budget category, and a comments section. Also, the reports usually asked the following three "yes" or "no" questions: (a) Was the grantee pursuing at least one of the noted activities? (b) Were crime scene and analysis activities consistent with the application? and (c) Was the grantee delinquent in filing financial reports? A Grant Monitoring Division supervisor stated that while past reviews were cursory in nature, the COPS Office is currently in the process of developing a more in-depth monitoring strategy.

Subsequent to our field work, we were provided with six reports from site visits to Meth Initiative grantees that were conducted by the Meth Team. Three of these site visits were conducted during FY 2000; the remaining three were performed during FY 2002. We reviewed the reports and noted that they were more program-oriented, and one-half of the reviews included information about non-meth related grants. The reports provided a general overview of the Meth Team's visit and the FY 2002 reports included a discussion on how the grantees' community policing efforts had been enhanced due to the meth funding. The Meth Team generally conducted the

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<sup>16</sup> Activities related to the retention of officers, community policing, and redeployment are related to other types of grants, such as COPS Hiring and Making Officer Redeployment Effective grants.

reviews over a 1- or 2-day period and reported on the grantees' progress toward grant objectives. Based on our review of the reports, it appears that a detailed financial review of grant expenditures was not performed.

We believe that proactive on-site monitoring identifies grant management deficiencies and provides an early intervention opportunity for entities that may not be complying with grant requirements or struggling to achieve the grant objectives. Considering that about 8 percent of Meth Initiative grantees have received a COPS Office on-site review, we believe that the COPS Office could improve its efforts to monitor these grantees.

### **Grant Closeout Process**

The 1999, 2001, and 2002 *Meth Grant Manuals* required grantees to make final drawdowns and provide final grant Program Progress Reports and Financial Status Reports (FSRs) within 90 days of the award end date. The 2005 Meth Grant Manual contained similar language. The OJP Financial Guide also requires these final reports. COPS officials informed us that during the closeout process, COPS Meth Team members were to complete checklists to ensure that there were no open issues with the COPS Monitoring or Legal Divisions and that there were no other administrative issues with the grant. The closeout process also required the COPS Finance Staff to document on the checklist that the grantee had submitted the final FSR and to deobligate any unspent funds. The COPS Office's grant files were then to be marked "closed" and the COPS Office was to notify the grantee by letter that the grant was officially closed.

At the outset of our review, we reviewed the files of the 267 Meth grants awarded between FYs 1998 and 2004 and found that the COPS Office had only closed 36 of the 72 grants (50 percent) eligible for closure. The remaining 36 expired grants were, on average, about 26 months past the award end date. We determined that as of March 2005, 16 of the 36 open expired grants had \$824,517 in funding that grantees had not utilized and the COPS Office should have deobligated; the remaining grants had no unspent funds.

We also noted that 2 of the 16 open, expired grants with funds on hand were to entities receiving Meth Initiative awards under the Small Rural Community discretionary grant program and had never utilized the awards. Specifically, the COPS Office verified that the Montgomery County, Kansas, Sheriff's Department never submitted an award acceptance document for its \$222,222 grant, which COPS awarded in FY 2002. COPS also verified that the Creek County, Oklahoma, Sheriff's Department submitted a letter to the

COPS Office stating that it was withdrawing, as of June 15, 2005, from its FY 2002 Meth Initiative award of \$222,222.

In November 2005 COPS officials informed us that they had taken action on 8 of the 16 expired awards with funds remaining on hand. Specifically, the COPS Office deobligated \$324,149 from five of the expired grants. As a result, we have calculated \$500,368 as the balance of monies not deobligated (\$824,517 - \$324,149) in 11 awards.<sup>17</sup> In addition, they informed us that they had subsequently paid out funds totaling \$158,323 in three awards. According to the Meth Team leader, \$153,869 of the \$158,323 was paid out to two grantees after the grantees were approved no-cost extensions. The COPS Office could not provide us with a reasonable explanation as to why the third grantee was permitted to draw down the remaining balance of \$4,454. In our opinion, retroactive no-cost extensions made years after a grant has expired is not a fiscally responsible practice.

The lack of prompt closure and deobligation of funds prevents the COPS Office from making these funds available to other grantees or returning it to the U.S. Treasury. The failure to close grants promptly also affects the grantees. DOJ Guidelines require grantees to retain records for a minimum of 3 years after the end of the grant. Further, the 2002 *Meth Grant Manual*, Chapter IV, requires grantees to retain records for 3 years after the COPS Office notifies the grantee that the grant is officially closed. If the grantee is complying with these requirements and grants are not closed in a timely manner, grantees must unnecessarily retain records for extended lengths of time. For example, if an FY 1998 grant expired in FY 2000 and the COPS Office had not formally closed it in FY 2005, the grantee would have kept records for up to 7 years and would be required to keep them for at least 3 additional years.

The COPS Office does not have a written policy mandating prompt closure of grants past their end dates. Additionally, COPS officials stated that closing grants was not an agency priority until FY 2002. They added that over the past 3 years the COPS Office has made a concerted effort to close expired grants, starting with the oldest awards. However, the COPS Office had not started addressing grants awarded in FY 1998, which was when COPS executed the first meth grants. In June 2005, the Meth Team leader told us that his team was currently reviewing Meth Initiative grants on a monthly basis to determine which ones the COPS Office should close.

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<sup>17</sup> Our calculation includes \$134,729 in three grants that were previously reported in OIG Grant Report GR-50-05-007 and is therefore not included in the total amount of dollar-related findings in this report. Consequently, the balance of \$365,639 remains as funds put to better use.

## Training Grant Specialists

The Office of Management and Budget Circular A-123, entitled "Management Accountability and Control," provides guidance to federal managers on improving the accountability and effectiveness of federal programs and operations by establishing, assessing, correcting, and reporting on management controls. In addition, the Government Accountability Office has stated that "all personnel need to possess and maintain a level of competence that allows them to accomplish their assigned duties, as well as understand the importance of developing and implementing good internal control. Management needs to identify appropriate knowledge and skills needed for various jobs and provide needed training, as well as candid and constructive counseling, and performance appraisals."<sup>18</sup>

The former Meth Team leader stated that the principal means of training grant program specialists on the Meth Team was to assign new employees to a mentor and use on-the-job training. He added that many Meth Team members have taken grant management courses. However, we found that this training is not required, and the COPS Office has not identified any core courses new employees should take. Further, the COPS Office has not documented specific topics and areas that must be included in the on-the-job training provided to new Meth Team grant specialists.

This ad-hoc approach to the training of new staff relies heavily on the knowledge and competency levels of current staff. Mentors' comprehension of various grant functions will vary depending on their own grant-administering experiences, which in turn will affect what they teach and how much detail they provide. As a result, the information passed on to new staff may be inconsistent and could be inaccurate. We believe that the COPS Office should develop a written description of the duties and responsibilities of Meth Team members and establish guidance for the training of these individuals.

## Conclusion

We identified significant weaknesses in the COPS Office's management and administration of grants awarded under the Meth Initiative. Specifically, four separate entities were awarding and monitoring Meth Initiative grants with no overall coordination among them. We also found that the COPS Office did not have readily available information on the universe of Meth Initiative grantees because its IT system lacked basic controls over data

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<sup>18</sup> Government Accountability Office, *Standards for Internal Control in the Federal Government*, (Report No. GAO/AIMD-00-21.3.1), November 1999.

accuracy and consistency. Further, the COPS Office should improve system security to ensure that write-access to its grant database is limited to those with clear need and that access for former employees is discontinued in a timely manner.

In addition, our audit revealed significant deficiencies in the COPS Office's oversight of Meth Initiative grants. We identified differences in the guidance and oversight provided by the various grant specialists responsible for the grants. Further, formal guidance issued by the COPS Office has been inconsistent and contradictory. As a result, the COPS Office has held different grantees to different standards, and some grantees have been allowed to use Meth Initiative funds for items generally prohibited by the *Meth Grant Manuals*.

Moreover, the COPS Office has not proactively worked to close expired meth awards. This practice has resulted in our identification of \$365,639 in funds put to better use in expired grants.<sup>19</sup> Finally, COPS should develop a written description of the duties and responsibilities of Meth Team members and establish guidance for the training of these individuals.

## **Recommendations**

We recommend that the COPS Office:

1. Develop an agency-wide plan with policies and procedures to implement the Meth Initiative.
2. Ensure that all the groups that monitor Meth Initiative grants develop and implement a method to communicate with each other on a regular basis to promote consistency in grant oversight.
3. Institute procedures to verify periodically the completeness and accuracy of grant information in the CMS.
4. Develop and distribute a user's manual for the CMS, including the Meth Initiative module.
5. Modify the access status of COPS Office staff who do not need write-access to the meth grant module, or portions thereof, in the CMS.
6. Develop procedures regarding the periodic review and update of user status by the Meth Team leader.

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<sup>19</sup> See Appendix V for a listing of awards with funds on hand and eligible for closure.

7. Require IT staff to periodically monitor log-out practices of staff and provide reminders as necessary.
8. Require audit trail capability in the next upgrade of the CMS software.
9. Standardize grant oversight procedures to ensure that all Meth Initiative grants are monitored in a consistent fashion and that these monitoring activities are documented in the grant records.
10. Review and update the *Meth Grant Manual* (including standardization of submission dates for program progress reports) and ensure that all Meth Initiative grants are administered consistently and grantees are required to adhere to the same guidelines.
11. Increase monitoring of grantee compliance with reporting requirements to ensure that all required reports are submitted.
12. Periodically update "Best Practices" on the COPS Office website with information developed by the Meth Team.
13. Remedy the \$365,639 balance of monies not deobligated for the grants that had funds available past the expiration dates.
14. Institute procedures to immediately deobligate grants when a grant is completed, when a grantee withdraws, or when a grantee does not accept a grant.
15. Identify minimum training standards for grant program specialists and develop a Meth Initiative grant procedures manual for the Meth Team.

## 2. WEAKNESSES IDENTIFIED THROUGH OIG AUDITS OF METH INITIATIVE GRANTS

Based on our review of 44 grant awards totaling over \$56 million under the Meth Initiative, we identified over \$9.8 million in dollar-related findings. Specifically we found: (1) unapproved budget deviations exceeding 10 percent of the award amount, (2) unallowable and unsupported grant expenditures, and (3) excess funds on hand that should be deobligated and put to better use. In addition, we noted many accounting and internal control weaknesses as well as reporting deficiencies pertaining to Financial Status Reports and program progress reports.

As part of our review, the OIG reviewed 44 grants totaling approximately \$56 million that the COPS Office awarded between FYs 1998 and 2004 to 13 grantees under the Meth Initiative.<sup>20</sup> Our audits encompassed 16 percent of the number of Meth Initiative awards and 26 percent of the total funds awarded by the COPS Office under the program. The OIG conducted these audits to test whether the grantees complied with requirements regarding grantee financial reporting, grant drawdowns, and budget management and control. We also determined whether costs charged to the grant were allowable, supported, and in accordance with applicable regulations, guidelines, and terms and conditions of the grants. Primarily, the criteria we audited against was the guidance provided in the *COPS Meth Grant Manuals*, OMB Circulars, and the OJP Financial Guide.

The audits revealed a total of \$9,806,053 in dollar-related findings that included \$9,523,622 in questioned costs and \$282,431 in funds put to better use.<sup>21</sup> Further, our review of awards revealed numerous deficiencies pertaining to internal controls, compliance, and the ability of grantees to realize a variety of program objectives. Appendix VI provides a detailed breakdown of our audit report findings by grantee. The following table

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<sup>20</sup> See Appendix III for a listing of the COPS Meth Initiative audit reports issued by the Office of the Inspector General, Audit Division.

<sup>21</sup> Questioned costs are expenditures that do not comply with legal, regulatory, or contractual requirements; may not be supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable. Questioned costs can be remedied through offset, waiver, recovery of funds, or the provision of supporting documentation. Funds put to better use are future funds that could be utilized more efficiently if management took actions to implement and complete audit recommendations.

summarizes the grantees audited, the amount awarded, and the dollar-related findings.<sup>22</sup>

### SUMMARY OF OIG GRANT REPORTS

| Grantee Name                                     | Amount Awarded      | Questioned Costs   | Funds to Better Use |
|--|---------------------|--------------------|---------------------|
| Alabama Department of Public Safety              | \$ 1,048,350        | \$ 113,748         | \$ 18,000           |
| Arkansas State Police                            | 1,850,000           | 860,321            | 15,000              |
| California Department of Justice                 | 16,650,153          | 0                  | 16,575              |
| Indiana State Police                             | 3,431,234           | 534,201            | 0                   |
| Kansas Bureau of Investigation                   | 2,495,600           | 198,874            | 0                   |
| Marion County, Oregon, Sheriff's Office          | 1,227,400           | 0                  | 0                   |
| Mississippi Bureau of Narcotics                  | 2,611,925           | 1,968,775          | 98,127              |
| Oklahoma State Bureau of Investigation           | 1,496,700           | 692,414            | 0                   |
| Pierce County, Washington, Alliance              | 8,959,454           | 2,414,098          | 0                   |
| Prairie View Prevention Services of South Dakota | 2,090,788           | 485,124            | 0                   |
| Sioux City, Iowa, Police Department              | 10,080,858          | 1,043,223          | 134,729             |
| Vermont State Police                             | 2,384,106           | 1,210,767          | 0                   |
| Virginia State Police                            | 1,740,939           | 2,077              | 0                   |
| <b>TOTALS</b>                                    | <b>\$56,067,507</b> | <b>\$9,523,622</b> | <b>\$282,431</b>    |

Source: Office of the Inspector General Grant Audit Reports

### Budget Deviations

The OJP Financial Guide requires that grantees obtain prior approval from the awarding agency if the transfer of funds between budget categories exceeds 10 percent of the total amount awarded. These changes may be within a budget category, such as personnel, as well as between budget categories, such as personnel and equipment. Our audits revealed that 3 of 13 grantees (Kansas Bureau of Investigation; Oklahoma State Bureau of Investigation; and the Sioux City, Iowa, Police Department) did not properly monitor expenditures by budget category and exceeded the 10-percent

<sup>22</sup> Executive summaries of the audit reports can be viewed at <http://www.usdoj.gov/oig>.

limitation without prior approval from the COPS Office. The failure of these grantees to obtain prior approval for budget deviations in excess of 10 percent of the grant award resulted in \$1,240,042 in questioned costs (\$46,451, \$692,414, and \$501,177, respectively).

In addition, we could not properly assess budget deviations in two instances (Mississippi Bureau of Narcotics and Arkansas State Police) because the grantee lacked adequate supporting documentation to account for grant expenditures.

The remaining eight grantees (Alabama Department of Public Safety; California Department of Justice; Indiana State Police; Marion County, Oregon, Sheriff's Office; Pierce County, Washington, Alliance; Prairie View Prevention Services of South Dakota; Vermont State Police; and Virginia State Police) generally were in compliance with the regulations regarding budget deviations.

## **Grant Expenditures**

According to the OMB Circular A-87, entitled "Cost Principles for State, Local, and Indian Tribal Governments," grantees are only allowed reimbursement for those costs that are reasonable in nature and permissible under the specific guidance of the grant. Further, the allowability of costs is discussed in the 1999, 2001, and 2002 *Meth Grant Manuals* and the OJP Financial Guide. For each of the audited grants, we determined whether costs charged to the program were allowable and in accordance with applicable regulations, guidelines, and terms and conditions of the grants. According to the *Meth Grant Manuals*, allowable costs include only approved salaries, overtime, and fringe benefits for support personnel and approved overtime for sworn law enforcement officers; equipment and technology purchases; training; and travel.<sup>23</sup>

Our audits revealed almost \$8.3 million in grant expenditures that were either unsupported or unallowable.<sup>24</sup> The bulk of these exceptions were due to grant expenditures for which the grantee did not have adequate support, unallowable charges for salaries and equipment, and excess

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<sup>23</sup> However, as reported in Finding 1, the COPS Office previously approved budget proposals submitted by earmarked grantees that included the intention to use Meth Initiative funds for unallowable items, thereby authorizing the grantee to use the funds for the purpose stipulated. In these instances, we did not take exception to the grantee's actions. Instead, we have recommended that the COPS Office ensure that all Meth Initiative grantees are required to adhere to the same guidelines.

<sup>24</sup> This amount excludes unapproved budget deviations and funds put to better use discussed elsewhere in this section.

drawdowns. Appendix VI contains a detailed breakdown of our questioned costs. Examples of the grant expenditures that we questioned are as follows:

- The Pierce County, Washington, Alliance entered into contracts with local law enforcement entities. Our review revealed \$1,465,329 in questioned costs because the sub-recipients received funds for experienced officers even though the agreements allowed only for new hires. In addition, some of these departments also were unable to demonstrate that they had used the federal funds to supplement, rather than supplant, the local budget for law enforcement. Further, the grantee could not provide adequate supporting documentation for non-personnel costs of the subrecipients totaling \$948,769. Additionally, the Mississippi Bureau of Narcotics and Prairie View Prevention Services of South Dakota billed the grants for unsupported salaries and overtime of \$718,646 and \$266,406 respectively.
- The Sioux City, Iowa, Police Department charged the grants \$439,871 for unallowable equipment, \$13,720 in unallowable construction, and \$78,792 in unsupported costs. The Alabama Department of Public Safety was also unable to support equipment purchases billed to the grant totaling \$69,827. In addition, the Indiana State Police and the Vermont State Police billed the grants for unallowable salaries totaling \$509,233 and \$1,199,676, respectively.
- Costs billed in excess of actual expenditures are unallowable. Both the Sioux City, Iowa, Police Department and Prairie View Prevention Services of South Dakota billed the grants for costs in excess of expenditures in expired awards totaling \$9,663 and \$112,052, respectively. Further, grantees must be able to provide support for recorded expenditures. We noted that the Arkansas State Police and the Mississippi Bureau of Narcotics billed the grants for unsupported drawdowns totaling \$827,063 and \$1,213,304, respectively.

Our audits also identified several instances, totaling \$282,431, in which the grantees did not use the totality of their grant funds, and we recommended that these funds be deobligated.<sup>25</sup>

- The Alabama Department of Public Safety's approved budget included \$18,000 for the purchase of a storage container from the Arkansas

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<sup>25</sup> A portion of this amount (\$147,702) is discussed here. The remaining \$134,729 is accounted for in the total \$824,517 detailed in the discussion of the COPS Office's grant closeout practices in Finding 1 and, therefore, is not repeated here.

State Police for the removal of hazardous chemicals. However, the Arkansas State Police transferred a similar container to the Alabama Department of Public Safety at no cost. As a result, the grantee did not expend the approved grant funds to obtain the chemical storage container and the unspent funds were not deobligated.

- The Arkansas State Police did not backfill a funded civilian position at \$15,000 for its 2001 and 2002 grants (\$7,500 each year).
- The Mississippi Bureau of Narcotics had \$98,127 in unutilized funds. This resulted from \$2,916 in unexpended grant funds at the close of one of its four grants. Further, the grantee did not fill four approved positions totaling \$95,211.
- The California Department of Justice had \$16,575 in unutilized funds due to a miscalculation in the funds needed for indirect costs related to contractors.

## **Grant Reporting**

The *Meth Grant Manuals* state that grantees are to submit two types of reports to the COPS Office: Financial Status Reports (FSRs) and program progress reports. In each of the individual grant audits, we determined if the grantee was in compliance with financial and program progress reporting requirements.

### *Financial Status Reports*

Financial Status Reports (FSRs) provide information on grant funds spent and unobligated amounts remaining on hand. The reports are due within 45 days of the end of each calendar quarter. Six grantees (the California Department of Justice; Kansas Bureau of Investigation; the Mississippi Bureau of Narcotics; the Oklahoma State Bureau of Investigation; the Pierce County, Washington, Alliance; and the Virginia State Police) submitted all of the required FSRs in a timely manner. However, our audits revealed that 7 of 13 grantees did not submit a total of 11 required financial reports and submitted a total of 30 reports late. The following table identifies, by grantee, the total number of required FSRs, the number of reports submitted in a timely manner, and the exceptions noted.

## FINANCIAL STATUS REPORT DEFICIENCIES

| GRANTEE NAME                                     | NUMBER OF REPORTS |        |      |           | TOTAL EXCEPTIONS |
|--|-------------------|--------|------|-----------|------------------|
|  | REQUIRED          | TIMELY | LATE | NOT FILED |                  |
| Alabama Department of Public Safety              | 4                 | 1      | 3    | 0         | 3                |
| Arkansas State Police                            | 13                | 7      | 4    | 2         | 6                |
| Indiana State Police                             | 28                | 17     | 4    | 7         | 11               |
| Marion County, Oregon, Sheriff's Office          | 17                | 15     | 2    | 0         | 2                |
| Prairie View Prevention Services of South Dakota | 23                | 15     | 6    | 2         | 8                |
| Sioux City, Iowa, Police Department              | 32                | 24     | 8    | 0         | 8                |
| Vermont State Police                             | 15                | 12     | 3    | 0         | 3                |
| <b>TOTALS</b>                                    | 132               | 91     | 30   | 11        | 41               |

Source: Office of the Inspector General Audit Reports

### *Program Progress Reports*

Program progress reports are intended to describe the information relevant to the performance of the grant objectives in a narrative fashion. Program progress reports provide information on the status of funded activities and the purchase and installation of equipment and technology. The *Meth Grant Manuals* state "Program progress reports will be distributed on a periodic basis throughout the grant period."<sup>26</sup>

Eight grantees (the California Department of Justice; the Kansas Bureau of Investigation; Marion County, Oregon, Sheriff's Office; the Mississippi Bureau of Narcotics; the Pierce County, Washington, Alliance; the Sioux City, Iowa, Police Department; the Virginia State Police; and the Vermont State Police) filed their requested reports in a timely fashion. In addition, our audits revealed that 5 of 13 grantees either submitted reports late or did not submit a report as requested. The following table identifies, by grantee, the total number of requested reports, number submitted in a timely manner, and the number and type of exceptions noted.

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<sup>26</sup> As noted in Finding 1, we identified a lack of consistency in the COPS Office's administration of the progress report requirement. During our audits of individual grants, we determined if the grantees submitted the reports as requested by the COPS Office.

**PROGRAM PROGRESS REPORT DEFICIENCIES**

| GRANTEE NAME                                     | NUMBER OF REPORTS |        |      |           | TOTAL EXCEPTIONS |
|--|-------------------|--------|------|-----------|------------------|
|  | REQUESTED         | TIMELY | LATE | NOT FILED |                  |
| Alabama Department of Public Safety              | 4                 | 0      | 2    | 2         | 4                |
| Arkansas State Police                            | 1                 | 0      | 1    | 0         | 1                |
| Indiana State Police                             | 5                 | 2      | 3    | 0         | 3                |
| Oklahoma State Bureau of Investigation           | 8                 | 7      | 0    | 1         | 1                |
| Prairie View Prevention Services of South Dakota | 21                | 2      | 3    | 16        | 19               |
| <b>TOTALS</b>                                    | 39                | 11     | 9    | 19        | 28               |

Source: Office of the Inspector General Audit Reports

**Internal Controls**

Our audits of the 13 grantees’ activities identified various internal control weaknesses. These weaknesses included weak controls over accounting systems and financial records, poor inventory controls, and non-compliance with OMB Circular A-133 single audit requirements, as summarized below.

*Accounting Systems and Financial Records*

The OJP Financial Guide states that grantees are required to establish and maintain an accounting system and financial records to accurately account for funds awarded to them. The *Meth Grant Manuals* state that accounting systems and financial records must reflect expenditures for each project separately. In addition to the grant requirements related to the accounting system, the OJP Financial Guide requires grant recipients to establish and maintain an adequate system of internal controls. Effective internal controls help to ensure the reliability of financial reports as well as compliance with applicable laws and regulations. However, our audits revealed that three grantees did not maintain adequate controls over their accounting system and financial records. Specifically:

- The Indiana State Police did not ensure that its accounting system properly identified and tracked grant expenditures. As a result, the grantee commingled grant funds, which is prohibited by the OJP Financial Guide.

- The Sioux City, Iowa, Police Department had one person who maintained a petty cash fund; had access to a grant checking account; controlled, wrote, and signed the checks; performed the bank reconciliations; and entered financial transactions into the accounting system. Therefore, essential accounting duties were not adequately separated. Further, no internal control reviews were conducted of the petty cash or the checking account maintained by this individual.
- The Mississippi Bureau of Narcotics did not ensure that its accounting systems reflected complete and accurate disbursements. Further, the grantee did not maintain proper accounting records of grant expenditures. As a result, \$1,968,775 reimbursed to the grantee was questioned because its accounting records could not be reconciled to funds disbursed.

### *Inventory Controls*

Pursuant to OMB Circular A-87 grantees must maintain property records for equipment with a value in excess of \$5,000. Further, the OJP Financial Guide states that the records must contain the serial or identification number, acquisition date, and the cost and location of the property. In addition, the Guide states that a system of controls must exist to ensure safeguards to prevent loss, damage, and theft of the property and that inventories must be taken every 2 years and reconciled to property records. Moreover, Circular A-87 states that the grantee should conduct a physical inventory at least once every 2 years to ensure the items exist and are in use. Our audits revealed weaknesses with the inventory controls for two grantees. Specifically:

- The Indiana State Police did not conduct a physical inventory every 2 years as required by Circular A-87, nor did the grantee have official inventory records.
- The Arkansas State Police did not record in its inventory system numerous pieces of grant-funded equipment exceeding its own \$2,500 capitalization threshold, including 5 scanners, a plotter, a multi-media projector, 2 video systems, and several vehicles.

### *Single Audit Requirement*

OMB Circular A-133 requires that grantees whose federal expenditures exceed \$500,000 in a year obtain a single audit.<sup>27</sup> In addition, Circular A-133 requires an audit of expenditures of federal awards and an audit of internal controls over compliance with the laws, regulations, contracts, and grants applicable to federal programs. In general, grantees obtained single audits as required. However, although Prairie View Prevention Service's FY 2003 federal expenditures exceeded \$300,000, the grantee did not have a single audit performed as required.<sup>28</sup> According to the grantee, they did not know that they were required to comply with the provisions of Circular A-133. However, we noted that the requirement was included in the grant assurances documents signed by Prairie View officials throughout the life of the grants awarded between FY 2001 and FY 2004.

### **Ability of Grantees to Meet Award Objectives**

The COPS Office funded all 13 audited grantees through the COPS Meth Initiative by way of earmarked funds. Some of the grantees also received discretionary grant awards. Each of the grantees submitted an application package that included the overall purpose of its project. In addition, the grantees established general objectives to guide their activities. However, 3 of the 13 audited grantees could not provide support that their awards met their objectives or adequately measured project outputs, outcomes, and milestones. The remaining 10 grantees provided support that showed they appeared to be meeting their individual grant award objectives. Specifically, we found that:

- The COPS Office provided the Sioux City, Iowa, Police Department with six grants to operate a regional methamphetamine training center. The grant objectives were to provide law enforcement agencies with the training needed to help reduce illegal meth producing laboratories. We determined that the grantee's training center was established and operational; however, few of the classes were meth-specific.<sup>29</sup> In

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<sup>27</sup> For fiscal years ending prior to January 1, 2004, the annual expenditure threshold was \$300,000.

<sup>28</sup> Prairie View Prevention Services is a private subchapter "S" corporation that provides drug and alcohol prevention and counseling services to communities throughout South Dakota.

<sup>29</sup> Further discussion of this grant, its objectives, and its actual activities can be found on page 43.

addition, the grantee had not established any program outputs or milestones for the project.

- In its grant application, the Alabama Department of Public Safety stated that it would: (1) increase the number of arrests of meth distributors; (2) increase the number of reported clandestine meth labs dismantled; (3) develop a database system for tracking the number of meth-related arrests and dismantled labs; and (4) collaborate with the DEA in a pilot container storage program to transport hazardous chemicals found at meth lab sites to centralized locations throughout the state.

Our audit determined that the grantee tracked meth arrests and lab seizures through the statewide Criminal Justice Information Center system. However, the grantee failed to ensure that the law enforcement agencies it assisted provided information to the system as well. A state official told us that, as a result, meth incidents were grossly under-reported. In addition, the planned database implementation was halted due to a disagreement with the vendor and the storage containers program was not operational at the time of our review in May 2005.

- The Vermont State Police received congressionally earmarked grant funds to: (1) combat meth production and distribution; (2) target drug "hot spots"; and (3) remove and dispose hazardous materials at clandestine meth labs. While the grantee used a portion of the grant to provide meth training to law enforcement and citizens, we noted that the state of Vermont only reported one meth lab seizure to EPIC between FY 1998 and FY 2004. Primarily, the grantee used the Meth Initiative funds to operate a task force that targeted heroin. Further, because the grantee did not collect relevant data nor develop performance measures, we were unable to determine the overall effect the grants had on reducing heroin, meth, drug-related deaths, and associated crime. In our opinion, without this data it is not possible to determine what was accomplished with grant funds and whether the intended results were being achieved.

## **Conclusion**

We conducted individual grant audits of Meth Initiative grantees and found that in some cases essential grant requirements were not being met. Our audits examined over \$56 million of the \$214.1 million in COPS Meth Initiative grants awarded through FY 2004 and identified over \$9.8 million in dollar-related findings (17.5 percent of the funds reviewed). In addition, we

identified weaknesses related to progress and financial reporting and budget deviations.

In our judgment, the COPS Office is not adequately managing and administering the Meth Initiative. Grant monitoring is a critical management tool to ensure that grant programs are accomplished, grant objectives are achieved, and grantees are properly expending funds. We believe the COPS Office can do more to institute stronger oversight and ensure that the grantees adhere to regulations, guidelines, and terms and conditions of the grants. We are not offering any recommendations related to individual grant audits since the recommendations were included in the separate audit reports. However, recommendations related to the failure of the COPS Office to adequately administer the Meth Initiative are included in Finding 1.

### **3. LACK OF A COHESIVE NATIONAL PLAN DIMINISHES EFFECTIVENESS IN FIGHTING METH**

The COPS Office has taken limited actions towards overseeing the Meth Initiative due to the restrictive nature of earmarked funds. As a result of the significant use of congressional earmarks in the Meth Initiative, available funding is not always directed to the areas with the greatest need and because of the earmarks, the COPS Office has been unable to fully control the program. The COPS Office also has not established overall program goals and measurements to support the DOJ Strategic Plan. Moreover, the COPS Office has not complied with the congressional instruction to consult with the DEA to review earmarked grant proposals to determine if the grants were warranted, nor has the COPS Office conducted a meaningful evaluation of the program as a whole. We believe that a more strategic approach to the Meth Initiative could provide a more effective contribution towards combating the meth problem.

#### **Congressional Impact**

More than \$179 million of the \$214.1 million of the COPS Meth Initiative funds has been designated as congressional earmarks. Generally, the congressional conference or committee reports that accompany the approved appropriations bill list the earmarked projects and identify the entity, a very general description of the project, and the amount allocated. The earmarking process does not require projects to be vetted for duplication, necessity, fiscal accountability, or any other factor normally reviewed by a granting agency through the solicitation and selection process.

#### *Execution of Earmarked Grants*

For FYs 1998 through 2001, each of the congressional reports that identified the earmarked projects was preceded with an instruction that the conferees expected the COPS Office "to award grants for the following programs." However, for FYs 2002 through 2005, each of the congressional reports that identified the earmarks included similar instructions about the actions to be taken in administering the program. The FY 2002 instruction stated the following:

Within the amounts provided, the Department is expected to review, in consultation with the DEA, the following proposals, provide grants if warranted, and report to the committees on its intentions....

We found that the COPS Office had not consulted with the DEA and was not reviewing the earmarked proposals to determine if grants were warranted. COPS officials told us they do not possess the same degree of control over earmarked funds that they do with discretionary grant funds. According to the External Affairs Division, the COPS Office does not question the direction of Congress, including the grantees identified, the purpose of the programs indicated, or the amounts stipulated for earmarked entities. Therefore, the COPS Office does not strategically analyze or assess the necessity or benefit of awarding funds to the earmarked entities, or compare the congressionally identified projects to those of other entities.

We asked COPS Office personnel for a description of the steps that they take in awarding grants. We were told that when necessary, External Affairs had contacted congressional staff for further clarification on ambiguously worded appropriations language as to who the grantee actually should be, to ascertain what type of project was envisioned, or to clarify the purpose of the grant to be awarded. According to these individuals, following the passage of the annual appropriation, the COPS Office sends grant application materials to the earmarked entities with instructions to complete and submit an application for the appropriated funds. While the earmark within the congressional report generally contains only limited information, the application provides a more specific and detailed description of the project and how the entity intends to use its anticipated funding. According to COPS officials, upon receipt of the applications, the COPS Office reviews the submitted package to ensure that the amount requested is not more than the congressional allocation for the project. If the COPS Office determines that the proposed project contains a request for unallowable costs or is not related to meth or a drug hot spot, COPS officials are to follow up with the applicant to encourage the entity to refocus the proposal. In some instances the issues are brought before an earmark working group, which the COPS Office formally established in FY 2004.

A COPS official told us that the purpose of the earmark working group was to coordinate all of its earmark grants for meth and other programs and ensure that both the appropriations language and COPS office statutory and the programmatic goals, if applicable, are met. This group includes representatives from the Meth Team, and the Training and Technical Assistance, Finance, Legal, Monitoring, External Affairs, and the Program, Policy, Support and Evaluation Divisions. OJP, which administers some meth

grants on behalf of COPS, is not a member of the working group. If a particular earmark is unique, or issues such as grant focus or requests for unallowable items cannot be reconciled easily, representatives can bring the issue up for discussion to the working group. The group gives guidance on how to resolve the issue or in some cases the External Affairs staff may contact the appropriate congressional staff to further discuss an issue.

According to COPS officials, each time that the External Affairs Division has become involved, the COPS Office ultimately awarded the grant in accordance with the submitted application or after refocusing the application. COPS officials also stated that since the program's inception, no earmark grantee had been denied grant funding, and that the COPS Office works with a grantee to help them change the project scope and to identify allowable items that can be funded under the Meth Initiative.

The Meth Initiative grants to Sioux City, Iowa, provide an example of the interaction between the grantee, the COPS Office, and Congress. Every year since FY 1998 Congress has earmarked methamphetamine funds for a law enforcement training center located in Sioux City. We audited the Meth Initiative grants this entity received and found that the curriculum at the training center is not focused on meth or any other drug. At the time of our audit, we noted no classes focusing on hazardous waste disposal, environmental issues, truck searches, children who were exposed to meth lab sites, medical protocols, or meth case law. Rather, classes focused on enhancing general law enforcement skills, such as interviewing and self-defense. According to the responsible program manager, the COPS Office has questioned some of the training curriculum at the Sioux City site, and an official from the COPS External Affairs Division discussed the matter with the responsible congressional staff member and was informed that the proposed training curriculum, which was general and not focused on meth or drugs, was the type of training that the region needed. Consequently, the COPS Office awarded the Meth Initiative grant for the project.

### *Program Planning, Goals, and Objectives*

OMB Circular A-11, Part 6, requires that strategic goals and objectives be quantitative, directly measurable, or assessment-based to allow for future evaluation of achievement. We found that the COPS Office has not developed an overall plan for strategically implementing the Meth Initiative and has not established specific goals for the overall program. In addition, the COPS Office has not identified other related efforts in the DOJ and has not determined how the COPS Office's efforts fit in with the DOJ's Plan. Officials in the COPS Office told us that they have not performed any strategic planning for the program because the Meth Initiative began as a

congressional undertaking and the COPS Office has only minimal control over its execution.

Because of the lack of strategic planning, the COPS Office is unable to ensure that the objectives of individual grant applications will contribute to an overall effort for combating meth or other drugs. Consequently, awards under the Meth Initiative, particularly earmarked grants, have had widely differing approaches. One example is the previously mentioned law enforcement training center in Sioux City, Iowa, which has received over \$10 million in Meth Initiative funding since the inception of the program to operate a general law enforcement training academy. Another example is the Vermont State Police, which utilized the majority of its \$2.4 million in Meth Initiative funding for a multi-jurisdictional task force to combat heroin. Moreover, a non-profit organization in Hawaii received over \$8.4 million in Meth Initiative funding for a variety of multi-drug related endeavors such as after-school programs, treatment services, law enforcement activities, and public awareness campaigns.

In sum, we believe that establishing measurable goals and objectives is a necessary prerequisite for ensuring that Meth Initiative funds will be used in the most effective and efficient manner to address the meth problem in America.

#### *Distribution of Funds*

We reviewed the distribution of awards from the inception of the program in FY 1998 through FY 2004 and compared the level of funding to the number of meth-related incidents reported to EPIC over the same period. We found that although certain states with high numbers of reported meth incidents have received significant funding through the Meth Initiative, other states with similar levels of reported meth incidents have not received similar funding. Moreover, states with little to no reported meth seizures or arrests have received considerable resources through the Meth Initiative.

States where there is a high number of reported incidents, along with a high level of Meth Initiative funding for the period of FYs 1998 through 2004, include California, Iowa, Washington, Oklahoma, and Missouri. California, which ranked first in the nation with 13,377 laboratory seizures over the period reviewed, received over \$76.9 million in Meth Initiative funding, placing it first in a ranking of states awarded funds. Also, Iowa was second with grant funding of almost \$16.2 million and had 4,488 seizures, which ranked them fourth overall. Similarly, the state of Washington ranked third in reported seizures with 6,356 seizures. Washington also was third in a ranking of funds awarded and received more than \$11.8 million in grants.

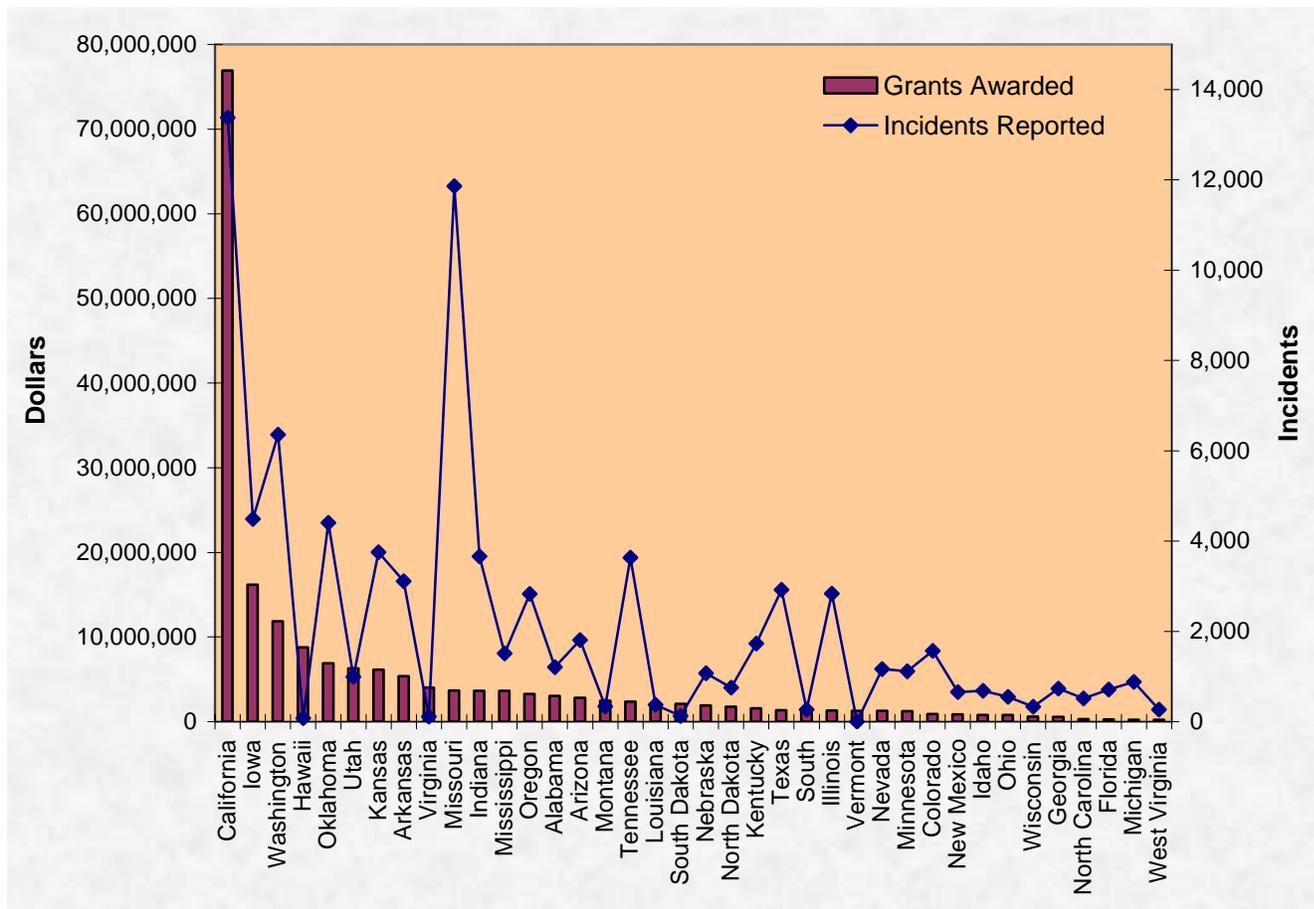
Oklahoma ranked fifth in both lab seizures and funding with 4,403 reported incidents and received almost \$6.9 million in grants. Missouri had the second largest number of reported lab seizures with 11,859 and ranked 10<sup>th</sup> in funds awarded with nearly \$3.7 million.

However, there are imbalances in funding levels and reported incidents in other locations. For example, between FYs 1998 and 2004, Vermont reported only one lab seizure; however, the state has received almost \$1.3 million in Meth Initiative funding. Likewise, Hawaii reported only 76 seizures for the 7-year period, but received nearly \$8.8 million in funding, ranking the state fourth in dollars received. Other examples of imbalances that we identified are Texas and Illinois. The state of Texas ranked 10<sup>th</sup> in the number of seizures with 2,924 and was awarded over \$1.3 million, ranking it 23<sup>rd</sup> in the nation in funds received from the Meth Initiative. Illinois was ranked 11<sup>th</sup> in reported lab seizures with 2,833; however, the state ranked 25<sup>th</sup> in funds received over \$1.3 million. A comparison of the funds awarded and the reported seizures appears in the following chart.<sup>30</sup>

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<sup>30</sup> The states not shown on the chart did not receive any meth funds through FY 2004, and had few reported meth incidents.

**METH INITIATIVE FUNDS AWARDED  
AND REPORTED LABORATORY SEIZURES  
FY 1998 THROUGH FY 2004**



Source: OIG analysis of data from the COPS Office and the DEA's El Paso Intelligence Center

According to COPS officials, the high proportion of earmarked funds in the \$214.1 million they received through the Meth Initiative hampered their ability to ensure that funds go to the states that have the largest meth problem and thus provided the COPS Office with very little control over the program. The current approach has resulted in significant imbalances between the reported meth problem and the amount of money a location receives through the Meth Initiative. Moreover, we believe the current approach impairs the ability of the program as a whole to have a noticeable impact on meth or any other specific drug problem in the United States. However, as noted on page 42, congressional guidance since FY 2002 has instructed the COPS Office to consult with the DEA on the earmarked projects and to grant funds only if warranted. Therefore, the COPS Office should be consulting with the DEA to help ensure that funds are awarded appropriately.

## **OIG Overview of Meth Problem**

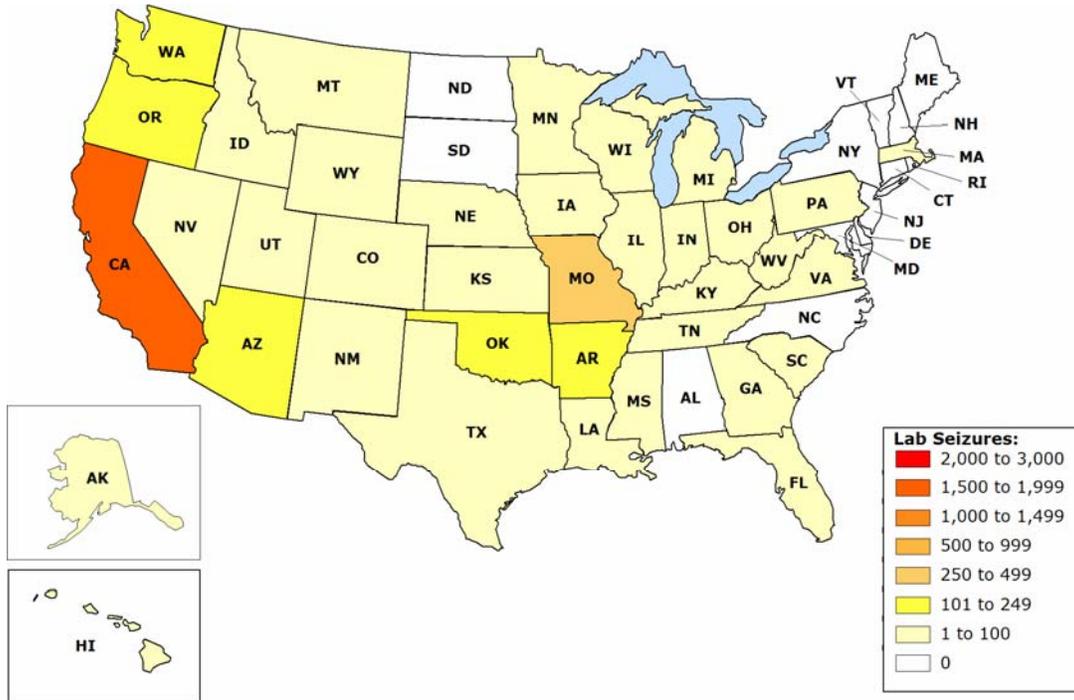
According to COPS officials and local law enforcement personnel interviewed, at the inception of the Meth Initiative in FY 1998, meth was mainly a problem in Western states. Officials indicated that the problem then spread throughout the Midwest and South and is now making inroads in the East. As evidenced by statistics reported to EPIC, in FY 1998, California reported the most laboratories seized with 1,921. Missouri was next with 322, and Oregon was third with 211. By FY 2004, the largest number of lab seizures had moved to the middle section of the country. At the end of FY 2004, Missouri had the most reported seizures with 2,784, followed by Iowa with 1,513, and Tennessee was third with 1,369. The following set of maps show the meth incidents reported to EPIC in FY 1998 and in FY 2004.<sup>31</sup>

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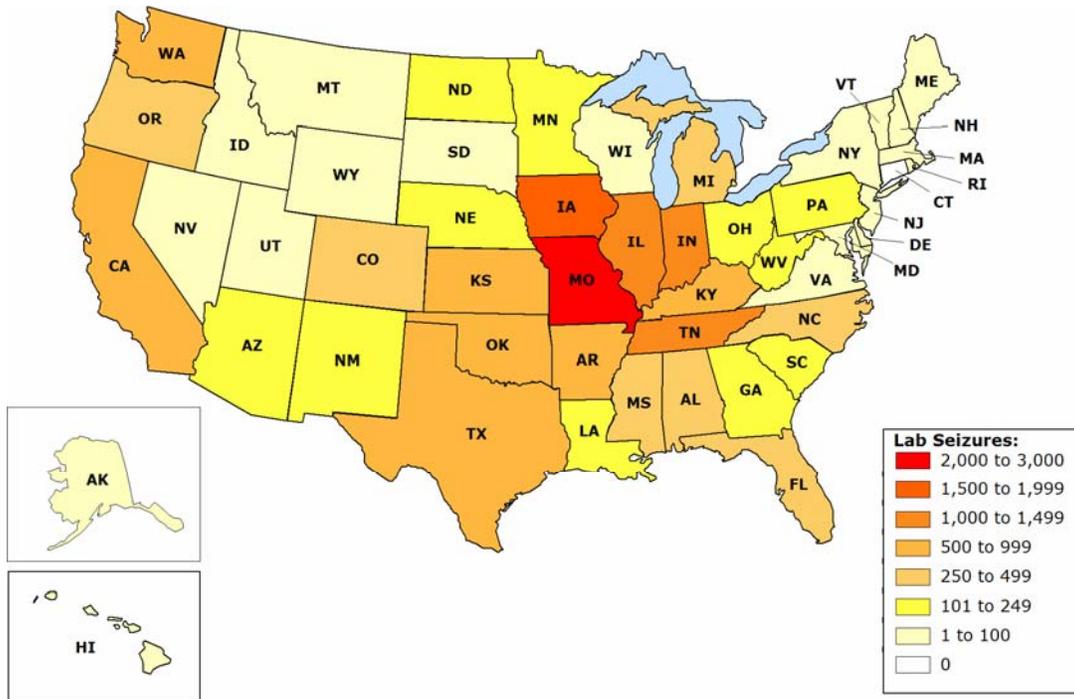
<sup>31</sup> As noted previously, reporting is voluntary except in three states – California, Missouri, and Oklahoma – which have mandatory reporting requirements.

## REPORTED METH LABORATORY SEIZURES FISCAL YEARS 1998 AND 2004

### FISCAL YEAR 1998



### FISCAL YEAR 2004



Source: The DEA's El Paso Intelligence Center

## Overall Program Evaluation

In FY 1999, the COPS Office used discretionary monies to fund an evaluation of 6 of the 10 initial Meth Initiative awards.<sup>32</sup> The resulting evaluation report presented an introduction to meth, its history, production methods, and its impact on people's health and the environment. The report also included individual chapters for each of the six sites and described their implementation efforts, challenges, and successes. In addition, it contained general observations on community policing strategies used to help reduce meth abuse and focused on intervention, prevention, treatment, and trends. Finally, the report provided a series of recommendations on how grantees can successfully fight meth. However, the evaluators stated that several constraints, including funding, time, and data, prohibited them from examining the impact of the Meth Initiative. The former Meth Team leader was aware of the study, but did not know if the recommendations had been implemented.

The Meth Initiative is now in its eighth year of funding and at least 5 years have elapsed since the above-described initial evaluation of only a limited number of individual projects. However, the COPS Office has not performed or commissioned a full evaluation of the program as a whole. This lack of program review and evaluation, combined with the lack of established program goals and milestones, has resulted in the COPS Office being unable to gauge the effectiveness of the millions of dollars awarded under the Meth Initiative.

The COPS Office has information already available to it in quantitative and narrative form that COPS could use to help in evaluating the overall effectiveness of the program. For example, the COPS Office could periodically review the quantitative data that state and local law enforcement agencies report to EPIC. This approach could identify and track trends in meth and other drug-related crime. The COPS Office also could review grantees' program progress reports to identify successful approaches and projects and disseminate this type of information to other grantees.<sup>33</sup>

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<sup>32</sup> The excluded grants included two awards totaling \$19.4 million for training initiatives, one award with expenditures of less than \$100,000, and the award that funded the evaluation.

<sup>33</sup> The requirements for grantee progress reports and a description of these reports can be found on page 35.

## **Conclusion**

Congressional earmarks have heavily influenced the Meth Initiative since its inception in 1998. However, the significant use of earmarks in this endeavor has not ensured that grant funds are directed to locations with the greatest need. Because the COPS Office has been reactive to the spending specifications of Congress, it has not been in the position to assert full control over the program, including the establishment of program goals and measurements. However, without a more strategic plan for the use of the significant funding available through this program, the COPS Office's attempts to address the meth crisis likely will continue to yield variable results.

## **Recommendations**

We recommend that the COPS Office:

16. Review all grant applications from earmarked entities, consult with the DEA, and as necessary coordinate with Congress when grant applications do not appear to be warranted or are not consistent with the intent of the Meth Initiative.
17. To assist in measuring program effectiveness on a regular basis, periodically review and assess individual grant outcomes and results, as well as meth-related statistics and research and disseminate this type of information to Meth Initiative grantees.

## STATEMENT ON INTERNAL CONTROLS

In planning and performing our audit of the COPS Meth Initiative, we considered the COPS Office's control structure over the Meth Initiative for the purpose of determining our audit procedures. This evaluation was not made for the purpose of providing assurances on its internal control structure as a whole. However, we noted certain matters involving internal controls that we consider reportable matters under the *Government Auditing Standards*.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operations of the internal control structure that, in our judgment, could adversely affect the COPS Office's ability to effectively oversee the meth grants. We identified weaknesses in: (1) the program's effectiveness, (2) the COPS Office's management and administrative controls over grant activities, and (3) inadequate monitoring of grant awards. We discuss these issues in the Findings and Recommendations section of the report. Because we are not expressing an opinion on the COPS Office's internal control structure as a whole, this statement is intended for the information and use of the COPS Office's management in administering the Meth Initiative.

## OBJECTIVES, SCOPE, AND METHODOLOGY

### Objectives

The audit we completed of the COPS Meth Initiative pursued the following objectives: (1) assess the adequacy of the COPS Office's administration of Meth Initiative grants and its monitoring of grantee activities; and (2) evaluate the extent to which grantees have administered the grants in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant awards.

### Scope and Methodology

We performed the audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States, and accordingly included such tests of the records and procedures that we considered necessary. Generally, the audit covered the period from FYs 1998 through 2005.

To accomplish our objectives, we conducted work at the COPS Office in Washington, D.C., including interviews with various officials and staff within the Administrative (Information Technology Department) Division, Grant Administration Division, Monitoring Division, Finance Division, and External Affairs Division. We also interviewed officials from other Department of Justice components, including the Office of Justice Programs and the Drug Enforcement Administration. Further, we obtained budgetary information from the Justice Management Division. We also attended the 2005 COPS Meth Conference to obtain background information and made contacts to obtain other relevant information, such as statistics on meth seizures from the DEA's El Paso Intelligence Center (EPIC). Subsequently, EPIC provided us with data for FYs 1998 through 2004.

We also examined budget documents; grant manuals; correspondence; and historical information about the meth problem, policies, procedures, public laws, and related legislative history. We reviewed a judgmental selection of the COPS Office meth grant files for completeness and evidence of monitoring and analyzed results from 13 external audits of meth grants for any commonality among the findings. We selected grantees based on the dollars awarded, type of program funded, and geographic distribution.<sup>34</sup> We conducted additional audit work at 6 of the 13 external

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<sup>34</sup> For a description of the grantees' proposed use of grant funds, see Appendix IV.

grant sites to determine if the individual grant award objectives of the Meth Initiative had been established and met.

## SCHEDULE OF DOLLAR-RELATED FINDINGS

|  | AMOUNT               | PAGE |
|--|----------------------|------|
| FUNDS PUT TO BETTER USE: <sup>35</sup>   |                      |      |
| Funds from expired grants <sup>36</sup>  | \$365,639            | 26   |
| <br>TOTAL FUNDS PUT TO BETTER USE        | <br>365,639          |      |
| <br><b>Total Dollar-Related Findings</b> | <br><b>\$365,639</b> |      |

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<sup>35</sup> ***Funds Put to Better Use*** are future funds that could be used more efficiently if management took actions to implement and complete audit recommendations.

<sup>36</sup> The amount does not include an additional \$134,729 in expired grant funds from three awards already in Office of the Community Oriented Policing Services Methamphetamine Initiative Grants Administered by the Sioux City, Iowa Police Department (OIG Report Number GR-50-05-007).

**METH INITIATIVE GRANTS AUDITED BY THE OIG**

The Office of the Inspector General, Audit Division, audited 44 grants at these 13 sites during FY 2004 and FY 2005, as shown in the table below.

| <b>GRANTEE NAME</b>                              | <b>GRANT NUMBERS</b>   | <b>AWARD PERIOD</b>  | <b>OIG REPORT NUMBER</b> |
|--|--|--|--------------------------|
| Alabama Department of Public Safety              | 2001-CKWX-0168<br>2003-CKWX-0265   | 05/01/01 – 12/31/04<br>08/01/03 – 04/30/05   | GR-40-05-009             |
| Arkansas State Police                            | 2001-CKWX-0158<br>2002-CKWX-0178   | 05/01/01 – 12/31/05<br>07/01/02 – 09/30/04   | GR-80-04-006             |
| California Department of Justice                 | 2001-CKWX-0160<br>2002-CKWX-0371<br>2002-CKWX-0372<br>2003-CKWX-0263<br>2003-CKWX-0065<br>2004-CKWX-0030 | 05/01/01 – 05/31/05<br>09/01/02 – 12/31/05<br>09/01/02 – 12/31/05<br>08/01/03 – 12/31/05<br>02/20/03 – 06/30/06<br>01/23/04 – 01/31/06 | GR-90-06-005             |
| Indiana State Police                             | 2001-CKWX-0175<br>2002-CKWX-0171<br>2003-CKWX-0092<br>2004-CKWX-0028                                     | 05/01/01 – 03/31/03<br>07/01/02 – 06/30/04<br>02/20/03 – 05/10/05<br>01/23/04 – 01/31/06   | GR-50-05-010             |
| Kansas Bureau of Investigation                   | 2001-CKWX-0003<br>2002-CKWX-0181   | 05/01/01 – 10/31/03<br>07/01/02 – 06/30/04   | GR-60-04-006             |
| Marion County, Oregon, Sheriff's Office          | 2002-CKWX-0204<br>2003-CKWX-0095<br>2002-CKWX-0368   | 07/01/02 – 12/31/04<br>02/20/03 – 12/31/05<br>09/01/02 – 11/30/04  | GR-90-06-004             |
| Mississippi Bureau of Narcotics                  | 2001-CKWX-0172<br>2002-CKWX-0216<br>2003-CKWX-0089<br>2003-CKWX-0346                                     | 05/01/01 – 11/30/04<br>07/01/02 – 06/30/05<br>02/20/03 – 07/30/05<br>09/01/03 – 06/30/05   | GR-40-05-001             |
| Oklahoma State Bureau of Investigation           | 2001-CKWX-0173   | 05/01/01 – 01/31/03  | GR-80-04-007             |
| Pierce County , Washington, Alliance             | 2002-CKWX-0208<br>2003-CKWX-0070<br>2004-CKWX-0034   | 05/01/02 – 12/31/04<br>02/20/03 – 06/30/05<br>01/23/04 – 01/31/06  | GR-90-06-003             |
| Prairie View Prevention Services of South Dakota | 2001-CKWX-0110<br>2002-CKWX-0234<br>2004-CKWX-0367   | 04/01/01 – 09/30/04<br>09/30/02 – 03/31/05<br>01/23/04 – 01/20/06  | GR-60-05-008             |
| Sioux City, Iowa, Police Department              | 1998-CKWX-0054<br>1999-CKWX-0019<br>2000-CKWX-0222<br>2001-CKWX-K052<br>2002-CKWX-K005<br>2003-CKWX-K038 | 10/01/97 – 09/30/99<br>03/10/99 – 09/30/00<br>08/01/00 – 11/01/01<br>02/01/01 – 10/30/02<br>03/01/02 – 09/30/03<br>06/01/03 – 09/30/04 | GR-50-05-007             |
| Virginia State Police                            | 2001-CKWX-0165<br>2002-CKWX-0206<br>2003-CKWX-0064<br>2004-CKWX-0021                                     | 05/01/01 – 06/30/04<br>07/01/02 – 03/31/05<br>02/20/03 – 02/28/05<br>01/23/04 – 01/31/06   | GR-30-05-005             |
| Vermont State Police                             | 2001-CKWX-0166<br>2002-CKWX-0207<br>2003-CKWX-0093<br>2004-CKWX-0314                                     | 05/01/01 – 10/31/03<br>07/01/02 – 12/30/04<br>02/20/03 – 03/31/05<br>01/23/04 – 01/31/06   | GR-70-06-001             |

## PROGRAM DESCRIPTIONS OF THE 13 AUDITED METH INITIATIVE GRANTEES

1. **Alabama Department of Public Safety** received two grants totaling \$1,048,350. The purpose of the program was to provide: (1) training, equipment, and overtime to the Alabama Bureau of Investigation for investigating meth cases; and (2) training to agents to properly package and transport hazardous meth by-products.
2. **Arkansas State Police** received two grants totaling \$1,850,000. The purpose of the program was to: (1) provide training, equipment, and overtime to Arkansas State Police officers and 75 additional certified laboratory entry officers; and (2) set up operational safety standards and support services upon request to respond and assist law enforcement agencies in the seizure of meth laboratories.
3. **California Department of Justice** received six grants totaling \$16,650,153. The purpose of the program was to: (1) establish and equip a Western States regional training center to train law enforcement personnel on the investigation and dismantling of clandestine drug labs and the investigation of large-scale meth traffickers, and (2) support enforcement teams to target chemical sources and major meth traffickers or organizations.
4. **Indiana State Police** received four grants totaling \$3,431,234. The purpose of the program was to provide: (1) training, equipment, and overtime to law enforcement personnel to assist county, state, and local law enforcement agencies in dismantling clandestine laboratories; (2) Occupational Safety and Health Administration certification training to law enforcement personnel; (3) statewide awareness training to public safety personnel pertaining to clandestine laboratories; (4) forensic evaluation of meth in support of criminal prosecutions; and (5) support, information, and education about meth to public entities outside the law enforcement community.
5. **Kansas Bureau of Investigation** received two grants totaling \$2,495,600. The purpose of the program was to: (1) assist state and local law enforcement agencies in reducing the production, distribution, and use of meth through training, and equipping local officers to respond to and investigate clandestine meth laboratories in their communities; and (2) hire and train forensic scientists to help eliminate the bottleneck in obtaining evidence to prosecute meth cases.

6. **Marion County, Oregon, Sheriff's Office** received three grants totaling \$1,227,400. The purpose of the program was to:  
(1) provide training, and to purchase equipment for local rural law enforcement agencies to investigate and dismantle laboratories; and to prosecute those involved in the production, distribution, and use of meth; and (2) ensure that authorities assess and treat children located in meth-contaminated homes for medical and psychological issues upon removal from the home.
7. **Mississippi Bureau of Narcotics** received four grants totaling \$2,611,925. The purpose of the program was to: (1) provide training, equipment, and overtime for law enforcement officers to investigate and dismantle clandestine meth laboratories; (2) reduce the availability of meth and enhance coordination and cooperation amongst law enforcement agencies; (3) establish protocols for a drug endangered children's program with local, state, and federal organizations to identify and protect children that are exposed to meth; and (4) provide public knowledge on the harm that meth production and use creates.
8. **Oklahoma State Bureau of Investigation** received a grant for \$1,496,700. The purpose of the program was to: (1) provide training and equipment for law enforcement officers to respond safely to clandestine meth laboratories, (2) sponsor five clandestine laboratory safety schools to train law enforcement officers, and (3) purchase laboratory equipment for the Oklahoma State Bureau of Investigation Drug Identification Laboratory.
9. **Pierce County, Washington, Alliance** received three grants totaling \$8,959,454. The purpose of the program was to: (1) work with the Governor's Meth Coordinating Committee to develop a comprehensive and integrated program that involved law enforcement, intelligence, forensics, health services, community mobilization, public education, and prevention components; (2) improve enforcement, and decrease the illicit production of meth; and (3) provide prevention, treatment, and training resources to mobilize communities across the state.
10. **Prairie View Prevention Services of South Dakota** received three grants totaling \$2,090,788 for a program to provide:  
(1) awareness and education on the use and prevention of meth;  
(2) services and resources to all regions of the state to stop the use and abuse of meth, and to deter meth manufacturing and sales; and

(3) develop and implement comprehensive research-based prevention strategies.

11. **Sioux City, Iowa, Police Department** received six grants totaling \$10,080,858. The stated purpose of the program was to:  
(1) operate a regional methamphetamine training center; (2) provide training to law enforcement agencies concentrated in but not limited to a 150-mile radius of the Sioux City, Iowa, Police Department, with an emphasis on small town and rural law enforcement agencies; and (3) educate law enforcement officers on how to identify meth, deal with the violators, and eradicate the problem.
12. **Virginia State Police** received four grants totaling \$1,740,939. The purpose of the program was to: (1) establish, equip, and operate regional meth task forces in the state; and (2) provide the state police with training to help reduce illegal meth-producing laboratories and meth-related crimes throughout the state.
13. **Vermont State Police** received four grants totaling \$2,384,106. In its applications, the grantee stated that the purpose of the proposed program was to: (1) hire and train five additional state troopers with the intention of reducing the growing heroin problem in the state, (2) conduct investigations, (3) educate and work with the community, and (4) establish long-term solutions for the growing heroin problem.

## EXPIRED GRANTS ELIGIBLE FOR CLOSURE

| Grantee   | Grant Number | Award End Date | Funds on Hand    |
|---|--------------|----------------|------------------|
| Sioux City, Iowa, Police Dept.                            | 1998CKWX0054 | 09/30/1999     | \$134,588        |
| Sioux City, Iowa, Police Dept.                            | 2000CKWX0222 | 10/31/2001     | 48               |
| Circle Solutions, Incorporated,<br>Virginia               | 2001CKWX0167 | 11/30/2002     | 397              |
| Sioux City, Iowa, Police Dept.                            | 2002CKWXK005 | 09/30/2003     | 93               |
| Ozarks Multi-Jurisdictional<br>Enforcement Team, Missouri | 2002CKWX0170 | 12/30/2003     | 221              |
| Circle Solutions, Incorporated,<br>Virginia               | 2002CKWX0175 | 01/01/2004     | 151              |
| St. Tammany Parish, Louisiana,<br>Sheriff's Dept.         | 2002CKWX0184 | 06/30/2003     | 65,627           |
| Oklahoma City, Oklahoma                                   | 2002CKWX0203 | 03/31/2004     | 26,646           |
| Montgomery County, Kansas,<br>Sheriff's Department        | 2002CKWX0338 | 08/31/2003     | 222,222          |
| Pearl River County, Mississippi,<br>Sheriff's Dept.       | 2002CKWX0404 | 03/31/2004     | 4,454            |
| Boonville, Missouri, Municipal<br>Police Department       | 2002CKWX0405 | 03/31/2004     | 45,921           |
| <b>TOTAL</b>  |              |                | <b>\$500,368</b> |

Source: The COPS Office and the Office of the Inspector General analysis

**BREAKDOWN OF FINDINGS BY AUDITED GRANTEE**

| Cost Category                                 | Kansas           | Arkansas         | Oklahoma         | Iowa               | Alabama          | Indiana          | South Dakota     | Oregon     | Virginia       | Mississippi        | Vermont            | California      | Washington              | Totals             |
|---|------------------|------------------|------------------|--------------------|------------------|------------------|------------------|------------|----------------|--------------------|--------------------|-----------------|-------------------------|--------------------|
| <b>Unallowable:</b>                           |                  |                  |                  |                    |                  |                  |                  |            |                |                    |                    |                 |                         |                    |
| Promotional items/ Equipment                  | \$0              | \$27,000         | \$0              | \$439,871          | \$27,795         | \$0              | \$1,223          | \$0        | \$1,421        | \$900              | \$3,409            | \$0             | \$0                     | \$501,619          |
| Personnel                                     | 152,423          | 0                | 0                | 0                  | 9,600            | 509,233          | 49,231           | 0          | 0              | 35,607             | 1,199,676          | 0               | 1,465,329 <sup>37</sup> | 3,421,099          |
| Contracts                                     | 0                | 0                | 0                | 0                  | 0                | 0                | 8,126            | 0          | 0              | 0                  | 0                  | 0               | 0                       | 8,126              |
| Various <sup>38</sup>                         | 0                | 0                | 0                | 13,720             | 500              | 10,075           | 927              | 0          | 0              | 0                  | 7,682              | 0               | 0                       | 32,904             |
| Travel/meals                                  | 0                | 0                | 0                | 0                  | 3,476            | 2,973            | 3,784            | 0          | 0              | 0                  | 0                  | 0               | 0                       | 10,233             |
| Excess Drawdowns                              | 0                | 0                | 0                | 9,663              | 0                | 0                | 112,052          | 0          | 0              | 0                  | 0                  | 0               | 0                       | 121,715            |
| Excess Budget Deviations                      | 46,451           | 0                | 692,414          | 501,177            | 0                | 0                | 0                | 0          | 0              | 0                  | 0                  | 0               | 0                       | 1,240,042          |
| Physical exams                                | 0                | 0                | 0                | 0                  | 0                | 10,091           | 0                | 0          | 0              | 0                  | 0                  | 0               | 0                       | 10,091             |
| <i>Subtotal</i>                               | <b>198,874</b>   | <b>27,000</b>    | <b>692,414</b>   | <b>964,431</b>     | <b>41,371</b>    | <b>532,372</b>   | <b>175,343</b>   | <b>0</b>   | <b>1,421</b>   | <b>36,507</b>      | <b>1,210,767</b>   | <b>0</b>        | <b>1,465,329</b>        | <b>5,345,829</b>   |
| <b>Unsupported:</b>                           |                  |                  |                  |                    |                  |                  |                  |            |                |                    |                    |                 |                         |                    |
| Personnel                                     | 0                | 6,258            | 0                | 0                  | 0                | 0                | 266,406          | 0          | 0              | 718,646            | 0                  | 0               | 0                       | 991,310            |
| Contracts                                     | 0                | 0                | 0                | 0                  | 0                | 0                | 28,274           | 0          | 0              | 0                  | 0                  | 0               | 948,769                 | 977,043            |
| Travel/meals                                  | 0                | 0                | 0                | 0                  | 2,550            | 0                | 10,498           | 0          | 0              | 318                | 0                  | 0               | 0                       | 13,366             |
| Equipment                                     | 0                | 0                | 0                | 0                  | 69,827           | 1,829            | 0                | 0          | 0              | 0                  | 0                  | 0               | 0                       | 71,656             |
| Drawdowns                                     | 0                | 827,063          | 0                | 0                  | 0                | 0                | 0                | 0          | 656            | 1,213,304          | 0                  | 0               | 0                       | 2,041,023          |
| Various                                       | 0                | 0                | 0                | 78,792             | 0                | 0                | 4,603            | 0          | 0              | 0                  | 0                  | 0               | 0                       | 83,395             |
| <i>Subtotal</i>                               | <b>0</b>         | <b>833,321</b>   | <b>0</b>         | <b>78,792</b>      | <b>72,377</b>    | <b>1,829</b>     | <b>309,781</b>   | <b>0</b>   | <b>656</b>     | <b>1,932,268</b>   | <b>0</b>           | <b>0</b>        | <b>948,769</b>          | <b>4,177,793</b>   |
| <b>Total Costs Questioned</b>                 | <b>\$198,874</b> | <b>\$860,321</b> | <b>\$692,414</b> | <b>\$1,043,223</b> | <b>\$113,748</b> | <b>\$534,201</b> | <b>\$485,124</b> | <b>\$0</b> | <b>\$2,077</b> | <b>\$1,968,775</b> | <b>\$1,210,767</b> | <b>\$0</b>      | <b>\$2,414,098</b>      | <b>\$9,523,622</b> |
| <b>Management Improvement Recommendations</b> | <b>2</b>         | <b>7</b>         | <b>1</b>         | <b>6</b>           | <b>2</b>         | <b>8</b>         | <b>6</b>         | <b>1</b>   | <b>1</b>       | <b>4</b>           | <b>3</b>           | <b>2</b>        | <b>0</b>                | <b>43</b>          |
| <b>Funds Put To Better Use</b>                | <b>\$0</b>       | <b>\$15,000</b>  | <b>\$0</b>       | <b>\$134,729</b>   | <b>\$18,000</b>  | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b> | <b>\$0</b>     | <b>\$98,127</b>    | <b>\$0</b>         | <b>\$16,575</b> | <b>\$0</b>              | <b>\$282,431</b>   |

Source: Office of the Inspector General Audit Reports

<sup>37</sup> Questioned personnel costs were all incurred for officers under sub-recipient contracts with law enforcement entities.

<sup>38</sup> Minor costs in areas such as supplies, personal purchases, pagers, administrative costs, and printing are listed herein.

**METH INITIATIVE GRANTS TO STATES<sup>39</sup>**  
**FY 1998 THROUGH FY 2005**

| State                | 1998       | 1999       | 2000       | 2001      | 2002      | 2003        | 2004      | 2005      | Total       |
|----------------------|------------|------------|------------|-----------|-----------|-------------|-----------|-----------|-------------|
| Alabama              | \$0        | \$0        | \$0        | \$748,350 | \$444,444 | \$1,144,475 | \$728,901 | \$256,527 | \$3,322,697 |
| Alaska               | 0          | 0          | 0          | 0         | 0         | 0           | 0         | 0         | 0           |
| Arizona              | 750,000    | 149,658    | 0          | 0         | 1,920,165 | 0           | 0         | 0         | 2,819,823   |
| Arkansas             | 750,000    | 299,685    | 0          | 1,496,700 | 1,541,683 | 645,775     | 659,640   | 295,993   | 5,689,476   |
| California           | 18,200,000 | 18,700,000 | 18,200,000 | 5,686,800 | 7,426,666 | 5,224,000   | 3,463,170 | 1,983,152 | 78,883,788  |
| Colorado             | 0          | 0          | 0          | 0         | 222,222   | 350,000     | 329,800   | 345,325   | 1,247,347   |
| Connecticut          | 0          | 0          | 0          | 0         | 0         | 0           | 0         | 0         | 0           |
| Delaware             | 0          | 0          | 0          | 0         | 0         | 0           | 0         | 0         | 0           |
| District of Columbia | 0          | 0          | 0          | 0         | 0         | 0           | 0         | 0         | 0           |
| Florida              | 0          | 0          | 0          | 0         | 0         | 248,375     | 0         | 246,661   | 495,036     |
| Georgia              | 0          | 0          | 0          | 0         | 222,222   | 0           | 329,800   | 0         | 552,022     |
| Guam                 | 0          | 0          | 0          | 0         | 0         | 0           | 0         | 98,664    | 98,664      |
| Hawaii               | 0          | 0          | 0          | 249,450   | 0         | 3,974,000   | 4,551,596 | 5,919,859 | 14,694,905  |
| Idaho                | 0          | 0          | 0          | 798,240   | 0         | 0           | 0         | 0         | 798,240     |
| Illinois             | 100,000    | 0          | 0          | 0         | 290,000   | 596,100     | 329,800   | 246,661   | 1,562,561   |
| Indiana              | 0          | 0          | 0          | 748,350   | 722,222   | 1,490,250   | 692,634   | 246,661   | 3,900,117   |
| Iowa                 | 1,200,000  | 1,646,766  | 1,199,998  | 0         | 2,585,782 | 4,919,450   | 4,617,509 | 2,269,280 | 18,438,785  |
| Kansas               | 0          | 0          | 0          | 1,995,600 | 2,469,666 | 372,564     | 1,285,631 | 295,993   | 6,419,454   |
| Kentucky             | 0          | 0          | 0          | 748,350   | 0         | 300,000     | 527,696   | 246,661   | 1,822,707   |
| Louisiana            | 0          | 0          | 0          | 299,340   | 722,222   | 99,350      | 1,038,951 | 295,993   | 2,455,856   |
| Maine                | 0          | 0          | 0          | 0         | 0         | 0           | 0         | 0         | 0           |
| Maryland             | 0          | 0          | 0          | 0         | 0         | 0           | 0         | 0         | 0           |

<sup>39</sup> The Territory of Guam and the District of Columbia are also included.

**APPENDIX VII**

| <b>State</b>   | <b>1998</b> | <b>1999</b> | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> | <b>Total</b> |
|----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Massachusetts  | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0            |
| Michigan       | 0           | 0           | 0           | 0           | 222,222     | 0           | 0           | 0           | 222,222      |
| Minnesota      | 748,145     | 0           | 0           | 0           | 489,082     | 0           | 0           | 197,329     | 1,434,556    |
| Mississippi    | 0           | 0           | 0           | 997,800     | 1,246,222   | 1,243,500   | 164,900     | 1,356,634   | 5,009,056    |
| Missouri       | 0           | 446,523     | 0           | 0           | 1,805,405   | 596,100     | 847,145     | 913,632     | 4,608,805    |
| Montana        | 0           | 0           | 0           | 0           | 2,500,000   | 0           | 0           | 739,983     | 3,239,983    |
| Nebraska       | 0           | 267,377     | 0           | 0           | 222,222     | 796,750     | 626,643     | 493,322     | 2,406,314    |
| Nevada         | 0           | 287,843     | 0           | 249,450     | 444,444     | 0           | 296,843     | 0           | 1,278,580    |
| New Hampshire  | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0            |
| New Jersey     | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0            |
| New Mexico     | 0           | 0           | 0           | 0           | 222,222     | 312,000     | 329,800     | 0           | 864,022      |
| New York       | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 1,973,286   | 1,973,286    |
| North Carolina | 0           | 0           | 0           | 0           | 0           | 312,000     | 0           | 369,990     | 681,990      |
| North Dakota   | 0           | 0           | 0           | 0           | 200,000     | 496,750     | 1,071,908   | 986,643     | 2,755,301    |
| Ohio           | 0           | 0           | 0           | 0           | 0           | 794,800     | 0           | 0           | 794,800      |
| Oklahoma       | 750,000     | 256,098     | 0           | 1,496,700   | 2,127,666   | 1,412,396   | 824,505     | 345,325     | 7,212,690    |
| Oregon         | 0           | 300,000     | 0           | 0           | 1,496,666   | 645,775     | 841,055     | 1,489,832   | 4,773,328    |
| Pennsylvania   | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 98,664      | 98,664       |
| Rhode Island   | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0            |
| South Carolina | 0           | 0           | 0           | 0           | 222,222     | 1,018,337   | 98,948      | 223,315     | 1,562,822    |
| South Dakota   | 0           | 0           | 0           | 598,680     | 750,000     | 0           | 742,108     | 0           | 2,090,788    |
| Tennessee      | 0           | 0           | 0           | 0           | 666,666     | 746,750     | 956,443     | 493,322     | 2,863,181    |
| Texas          | 749,999     | 0           | 0           | 0           | 444,444     | 0           | 164,900     | 0           | 1,359,343    |
| Utah           | 750,000     | 1,600,000   | 0           | 798,240     | 1,045,103   | 993,500     | 1,088,425   | 739,982     | 7,015,250    |
| Vermont        | 0           | 0           | 0           | 399,120     | 399,964     | 496,750     | 0           | 1,726,626   | 3,022,460    |
| Virginia       | 499,965     | 35,836      | 0           | 549,450     | 500,000     | 1,553,517   | 872,736     | 591,987     | 4,603,491    |
| Washington     | 0           | 0           | 0           | 1,995,600   | 4,888,888   | 2,980,500   | 1,978,954   | 1,973,286   | 13,817,228   |
| West Virginia  | 0           | 0           | 0           | 0           | 222,222     | 0           | 0           | 0           | 222,222      |

**APPENDIX VII**

| <b>State</b>  | <b>1998</b>         | <b>1999</b>         | <b>2000</b>         | <b>2001</b>         | <b>2002</b>         | <b>2003</b>         | <b>2004</b>         | <b>2005</b>         | <b>Total</b>         |
|---------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| Wisconsin     | 0                   | 0                   | 0                   | 0                   | 550,000             | 0                   | 49,474              | 0                   | 599,474              |
| Wyoming       | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                    |
| <b>Totals</b> | <b>\$24,498,109</b> | <b>\$23,989,786</b> | <b>\$19,399,998</b> | <b>\$19,856,220</b> | <b>\$39,232,954</b> | <b>\$33,763,764</b> | <b>\$29,509,915</b> | <b>\$27,460,598</b> | <b>\$217,711,344</b> |

Source: The COPS Office

**METH LAB SEIZURES BY STATE<sup>40</sup>**  
**FY 1998 THROUGH FY 2004**

| State                | 1998  | 1999  | 2000  | 2001  | 2002  | 2003  | 2004  | Total  |
|----------------------|-------|-------|-------|-------|-------|-------|-------|--------|
| Alabama              | 0     | 19    | 68    | 156   | 237   | 335   | 392   | 1,207  |
| Alaska               | 7     | 13    | 22    | 20    | 31    | 36    | 60    | 189    |
| Arizona              | 170   | 339   | 384   | 364   | 256   | 173   | 121   | 1,807  |
| Arkansas             | 148   | 350   | 249   | 387   | 372   | 773   | 832   | 3,111  |
| California           | 1,921 | 2,900 | 2,283 | 2,029 | 1,892 | 1,440 | 912   | 13,377 |
| Colorado             | 40    | 99    | 132   | 192   | 433   | 407   | 263   | 1,566  |
| Connecticut          | 0     | 0     | 0     | 1     | 1     | 2     | 0     | 4      |
| Delaware             | 0     | 0     | 2     | 0     | 0     | 1     | 4     | 7      |
| District of Columbia | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0      |
| Florida              | 3     | 16    | 24    | 26    | 118   | 214   | 312   | 713    |
| Georgia              | 6     | 29    | 55    | 44    | 117   | 240   | 241   | 732    |
| Guam                 | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0      |
| Hawaii               | 25    | 14    | 7     | 8     | 7     | 7     | 8     | 76     |
| Idaho                | 6     | 135   | 128   | 136   | 127   | 104   | 51    | 687    |
| Illinois             | 28    | 107   | 139   | 261   | 525   | 684   | 1,089 | 2,833  |
| Indiana              | 1     | 131   | 309   | 471   | 668   | 1,011 | 1,072 | 3,663  |
| Iowa                 | 20    | 277   | 285   | 486   | 776   | 1,131 | 1,513 | 4,488  |
| Kansas               | 53    | 150   | 574   | 823   | 775   | 713   | 668   | 3,756  |
| Kentucky             | 6     | 56    | 98    | 165   | 354   | 457   | 592   | 1,728  |
| Louisiana            | 4     | 6     | 18    | 13    | 122   | 97    | 112   | 372    |
| Maine                | 0     | 1     | 1     | 4     | 0     | 0     | 2     | 8      |
| Maryland             | 0     | 0     | 1     | 1     | 1     | 3     | 4     | 10     |
| Massachusetts        | 4     | 0     | 0     | 1     | 2     | 0     | 4     | 11     |

<sup>40</sup> The Territory of Guam and the District of Columbia are also included.

**APPENDIX VIII**

| <b>State</b>   | <b>1998</b> | <b>1999</b> | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>Total</b> |
|----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Michigan       | 1           | 11          | 10          | 104         | 201         | 273         | 281         | 881          |
| Minnesota      | 21          | 71          | 132         | 150         | 217         | 325         | 201         | 1,117        |
| Mississippi    | 9           | 39          | 122         | 210         | 437         | 373         | 321         | 1,511        |
| Missouri       | 322         | 424         | 781         | 1,912       | 2,627       | 3,009       | 2,784       | 11,859       |
| Montana        | 1           | 17          | 26          | 60          | 90          | 77          | 66          | 337          |
| Nebraska       | 4           | 18          | 22          | 152         | 344         | 301         | 229         | 1,070        |
| Nevada         | 11          | 243         | 275         | 268         | 143         | 134         | 93          | 1,167        |
| New Hampshire  | 0           | 1           | 1           | 1           | 2           | 1           | 2           | 8            |
| New Jersey     | 0           | 1           | 1           | 3           | 3           | 1           | 1           | 10           |
| New Mexico     | 16          | 55          | 50          | 69          | 125         | 199         | 143         | 657          |
| New York       | 0           | 2           | 1           | 5           | 24          | 23          | 47          | 102          |
| North Carolina | 0           | 8           | 11          | 30          | 42          | 140         | 281         | 512          |
| North Dakota   | 0           | 12          | 26          | 69          | 171         | 279         | 200         | 757          |
| Ohio           | 1           | 18          | 14          | 90          | 84          | 141         | 199         | 547          |
| Oklahoma       | 117         | 357         | 374         | 817         | 791         | 1,066       | 881         | 4,403        |
| Oregon         | 211         | 289         | 318         | 519         | 580         | 435         | 474         | 2,826        |
| Pennsylvania   | 6           | 3           | 6           | 13          | 35          | 54          | 109         | 226          |
| Rhode Island   | 0           | 0           | 0           | 1           | 2           | 0           | 1           | 4            |
| South Carolina | 3           | 6           | 6           | 6           | 30          | 52          | 167         | 270          |
| South Dakota   | 0           | 1           | 5           | 18          | 31          | 38          | 36          | 129          |
| Tennessee      | 40          | 128         | 191         | 498         | 556         | 849         | 1,369       | 3,631        |
| Texas          | 24          | 145         | 350         | 663         | 517         | 676         | 549         | 2,924        |
| Utah           | 54          | 235         | 228         | 172         | 133         | 85          | 85          | 992          |
| Vermont        | 0           | 0           | 0           | 0           | 0           | 0           | 1           | 1            |
| Virginia       | 1           | 8           | 1           | 4           | 6           | 32          | 64          | 116          |
| Washington     | 143         | 509         | 871         | 1,459       | 1,384       | 1,118       | 872         | 6,356        |

**APPENDIX VIII**

| <b>State</b>  | <b>1998</b>  | <b>1999</b>  | <b>2000</b>  | <b>2001</b>   | <b>2002</b>   | <b>2003</b>   | <b>2004</b>   | <b>Total</b>  |
|---------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|
| West Virginia | 1            | 4            | 2            | 15            | 44            | 58            | 142           | 266           |
| Wisconsin     | 1            | 5            | 16           | 43            | 63            | 122           | 81            | 331           |
| Wyoming       | 12           | 17           | 13           | 28            | 52            | 34            | 25            | 181           |
| <b>Totals</b> | <b>3,441</b> | <b>7,269</b> | <b>8,632</b> | <b>12,967</b> | <b>15,548</b> | <b>17,723</b> | <b>17,956</b> | <b>83,536</b> |

Source: The DEA El Paso Intelligence Center

## SUMMARY OF FINDINGS FOR OIG AUDITS OF 13 METH INITIATIVE GRANTEES

| Grantee                                       | Report Number | Amount Awarded      | Number Of Recommendations <sup>41</sup> | Questioned Costs <sup>42</sup> |                    | Funds to Better Use | Total Dollar Related Findings |
|---|---------------|---------------------|---|--------------------------------|--------------------|---------------------|-------------------------------|
|   |               |                     |   | Unsupported                    | Unallowable        |                     |                               |
| Alabama Department of Public Safety           | GR-40-05-009  | \$1,048,350         | 8                                       | \$72,377                       | \$41,371           | \$18,000            | \$131,748                     |
| Arkansas State Police                         | GR-80-04-006  | 1,850,000           | 12                                      | 833,321                        | 27,000             | 15,000              | 875,321                       |
| California Department of Justice              | GR-90-06-005  | 16,650,153          | 3                                       | 0                              | 0                  | 16,575              | 16,575                        |
| Indiana State Police                          | GR-50-05-010  | 3,431,234           | 13                                      | 1,829                          | 532,372            | 0                   | 534,201                       |
| Kansas Bureau of Investigation                | GR-60-04-006  | 2,495,600           | 11                                      | 0                              | 198,874            | 0                   | 198,874                       |
| Marion County, Oregon, Sheriff's Office       | GR-90-06-004  | 1,227,400           | 1                                       | 0                              | 0                  | 0                   | 0                             |
| Mississippi Bureau of Narcotics               | GR-40-05-001  | 2,611,925           | 13                                      | 1,932,268                      | 36,507             | 98,127              | 2,066,902                     |
| Oklahoma State Bureau of Investigation        | GR-80-04-007  | 1,496,700           | 2                                       | 0                              | 692,414            | 0                   | 692,414                       |
| Pierce County, Washington, Alliance           | GR-90-06-003  | 8,959,454           | 6                                       | 948,769                        | 1,465,329          | 0                   | 2,414,098                     |
| Prairie View Prevention Services South Dakota | GR-60-05-008  | 2,090,788           | 25                                      | 309,781                        | 175,343            | 0                   | 485,124                       |
| Sioux City, Iowa, Police Department           | GR-50-05-007  | 10,080,858          | 15                                      | 78,792                         | 964,431            | 134,729             | 1,177,952                     |
| Vermont State Police                          | GR-70-06-001  | 2,384,106           | 8                                       | 0                              | 1,210,767          | 0                   | 1,210,767                     |
| Virginia State Police                         | GR-30-05-005  | 1,740,939           | 3                                       | 656                            | 1,421              | 0                   | 2,077                         |
| <b>Totals</b>                                 |               | <b>\$56,067,507</b> | <b>120</b>                              | <b>\$4,177,793</b>             | <b>\$5,345,829</b> | <b>\$282,431</b>    | <b>\$9,806,053</b>            |

Source: Office of the Inspector General Summary of Audit Report Findings

<sup>41</sup> Recommendations also include management improvements, which may not have a related-dollar amount.

<sup>42</sup> See Appendix VI for a detailed breakdown of dollar-related finding categories per grantee.

## COMMUNITY ORIENTED POLICING SERVICES RESPONSE TO THE DRAFT REPORT

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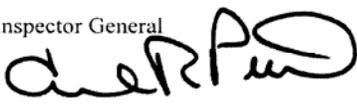


U.S. Department of Justice  
*Office of Community Oriented Policing Services (COPS)*

### MEMORANDUM

VIA FACSIMILE and U.S. MAIL

To: Guy K. Zimmerman  
Assistant Inspector General  
for Audit  
Office of the Inspector General

From: Carl R. Peed   
Director  
Office of Community Oriented Policing Services (COPS)

Date: March 7, 2006

Subject: Draft Audit Report of the Office of Community Oriented Policing Services  
Methamphetamine Initiative

This memorandum is in response to the Office of the Inspector General's (OIG) above-referenced draft audit report dated February 14, 2006. The COPS Office thanks the OIG for the opportunity to respond to the auditors' recommendations.

Since 1998, Congress has appropriated over \$385 million to the COPS Office to address Methamphetamine problems. The COPS Office – after coordinating with the Drug Enforcement Administration (DEA) and the Office of Justice Programs (OJP) to support additional Meth initiatives – has directly invested \$214 million to support state and local law enforcement agencies in the areas of child endangerment, enforcement, intelligence gathering, drug courts, partnership development, precursor chemicals, prevention, production, training, treatment, and clean-up.

In providing funding assistance, the COPS Office reviews grantee applications received from (1) specific projects designated by Congress and (2) solicited or targeted applicants, referred to in the OIG audit report as "earmark" or "discretionary" awards, respectively. Regardless of the source, it is important to emphasize that *all* applications are subject to the same funding process. First, each project is analyzed to ensure the objectives meet the statutory and programmatic intent. Second, every item for which funding is requested is reviewed to determine whether, depending on the circumstances, it contributes to the success of the grantee's project objective. The COPS Office undertakes funding decisions on a case-by-case review because state and local law enforcement agencies are on the front line and know better what their

Guy K. Zimmerman  
Draft Audit Report of the Office of Community Oriented Policing Services Methamphetamine  
Initiative  
March 7, 2006  
Page 2

because state and local law enforcement agencies are on the front line and know better what their communities need in order to address their emerging law enforcement issues. The COPS Office rightfully looks to the individual grantee to identify what its most pressing needs are, and is flexible to respond to the most beneficial use for available funds.

The COPS Office will fund any lawfully allowable item based on the grantee demonstrating need. COPS guidance does contain a list of certain items that are generally acceptable to buy with COPS funds – equipment, supplies, training, travel, contract/consultants, personnel, laboratory clean-up – if they are shown to contribute to the project objectives. The list was compiled based on our experience that those items are typically needed for a community-oriented project aimed at Meth interdiction. The guidance also contains a list of certain items that are generally not acceptable to buy with COPS funds – such as furniture, weapons, vehicles or photocopiers – unless the circumstances show they are critical to the implementation of the grantee’s specific Meth project. That list was compiled based on our experience that those types of basic, day-to-day policing items, albeit necessary for general policing, may not be aimed specifically at Meth. As the COPS Office makes absolutely clear, however, the lists are of *general* guidance, subject to the exception of justifying a link to the grantee’s particular circumstances.

Although we explained that our funding criteria was flexible to meet the needs of the grantee’s project and consistently applied to all grants, the OIG nevertheless interpreted our program guidelines to not allow for exceptions. Thus, it concluded that “generally prohibited” items are allowed “because of the grantees’ earmarked status” and that “earmarks” are not subject to program guidelines. To the contrary, the awards consistently adhere to our protocol that each funded item must support the overall objective of the grantee’s project under the circumstances. Indeed, in each of the examples where the OIG claims that grantees used grant funds “to purchase items generally prohibited” – such as mobile radios, vehicles, furniture and photocopiers – the items legitimately correlated to the project objective. Significantly, numerous requests for “generally prohibited” items have been denied under “earmark” grants based on the lack of such sufficient correlation. Moreover, numerous requests for “generally prohibited” items have also been allowed under “discretionary” grants based on sufficient justification. Again, this case-by-case review of funding requests is necessary to respect the grantee’s individual community needs and extenuating circumstances. It results in the COPS Office’s workable strategy of encouraging grantees to engage in proactive, innovative community policing and problem-solving approaches, specifically tailored to address the complex nature of Meth markets in the grantee’s community. In short, (1) what the OIG calls “generally prohibited” items are not prohibited under program guidelines if they correlate to the project objective, and (2) the same process is applied to all awards.

Consistent with this strategy, COPS Office support has resulted in valuable and successful projects that are establishing and enhancing a variety of problem-solving strategies to combat Meth. Numerous communities have used COPS funding to establish and expand their efforts in

Guy K. Zimmerman  
 Draft Audit Report of the Office of Community Oriented Policing Services Methamphetamine  
 Initiative  
 March 7, 2006  
 Page 3

addressing this public safety need and benefited from this grant program, including the following examples:

- The Andalusia Police Department in Alabama formed a partnership with the Covington County Drug Task Force to address the multifaceted challenges of Meth use and production in Covington County. As a result of COPS funding, the Drug Task Force developed a mass media campaign to educate the public about the dangers of Meth, including an informational program that has been presented to over 2,000 area citizens, retailers, civic groups, church groups and students. The program has resulted in a strong relationship between law enforcement and the community, which has led to the discovery of several labs.
- The Tuscaloosa County Sheriff's Office (AL) was facing an increased number of Meth laboratories and lacked trained personnel. While three laboratories were identified in 2001, 75 labs were identified by 2003. The COPS Office provided funding to train 75 officers to investigate, seize and process labs and to buy protective outerwear.
- The Poplar Bluff City Police Department in Missouri has received COPS funding to support the Southeast Missouri (SEMO) Drug Task Force, which focuses on investigating individuals that manufacture and distribute Meth. With the additional resources, investigators have proactively established relationships with retailers that supply precursor materials and provided training to citizens and law enforcement on Meth-related trends and issues. Since 2003, the Drug Task Force has identified and seized 174 clandestine laboratories and made 415 Meth-related arrests.
- Beginning in 2001, the COPS Office provided funding to the Pierce County Alliance, a coalition of law enforcement, treatment, prevention and business entities, to address the Meth crisis in Washington State. Among other things, the Alliance established a Meth Family Services Program, a model treatment program and family drug court program to address drug dependency issues of addicted parents. Alliance work has resulted in state legislation restricting the availability of precursor products and developing a statewide Meth Watch Program to educate retailers and citizens about reducing access to precursors and property managers and realtors about Meth production. To date, the Alliance has trained over 20,000 people and achieved a 61.3% reduction in the number of labs and a 20% increase in the numbers seeking treatment for Meth dependency.
- In 2001, the California Department of Justice established a Western Regional Training Center to instruct law enforcement personnel on all aspects of safely and effectively investigating drug labs. It currently serves law enforcement agencies from thirteen Western states. In 1999, these thirteen states had combined lab seizures representing 60% of all lab seizures in the U.S.

These initiatives are in addition to the valuable projects highlighted in the OIG audit report – the Small Rural Communities Meth Project targeting agencies without sufficient resources to

Guy K. Zimmerman  
Draft Audit Report of the Office of Community Oriented Policing Services Methamphetamine  
Initiative  
March 7, 2006  
Page 4

adequately respond to the spread of Meth; the Drug Endangered Children Project addressing the children affected by Meth production; and the commended Annual National Methamphetamine Initiative Conference – all of which resulted from coordinating with the DEA, OJP and other federal agencies in order to determine the best uses for the limited funds available. The COPS Office is pleased that, as a result of our grant-making processes, these projects have realized significant achievements.

For ease of review, the draft audit recommendations are stated in bold and underlined, followed by the COPS Office's response to each recommendation.

**Recommendation 1: Develop an agency-wide plan with policies and procedures to implement the Meth Initiative.**

The COPS Office concurs that an agency-wide plan with policies and procedures is necessary to implement all COPS grant programs, including the Meth Initiative.

As part of our ongoing effort to implement the Methamphetamine Initiative effectively, the COPS Office will:

1. Continue to ensure that our organization coordinates with other key agencies in determining the most valuable and beneficial purposes for the limited discretionary funding appropriated for Meth-related activities.
2. Strengthen our internal policies and procedures for grant management and administration, including increased interdivisional coordination, standardization of reporting procedures, and enhanced database reviews for accuracy and completeness. These efforts are described more fully in each of the responses to the recommendations listed below.

**Recommendation 2: Ensure that all the groups that monitor Meth Initiative grants develop and implement a method to communicate with each other on a regular basis to promote consistency in grant oversight.**

The COPS Office concurs.

While the majority of the Meth funding appropriated to the COPS Office has been awarded and administered through the Grants Administration Division (GAD), there have been a very small number of grants awarded since 1998 that were best suited, due to either the nature of the grant or the recipient agency, to be managed through either the Program, Policy Support and Evaluation (PPSE) or Training and Technical Assistance (T&TA) Divisions. These three separate divisions that manage and administer Meth Initiative grants currently work together through a variety of meeting groups in an effort to coordinate our grant-making, monitoring, and closeout efforts. For example, representatives from each division attend a formal weekly cross-divisional meeting, during which topics such as allowable costs, the application review process, and discretionary funding decisions are discussed. As another example, a series of

Guy K. Zimmerman  
Draft Audit Report of the Office of Community Oriented Policing Services Methamphetamine  
Initiative  
March 7, 2006  
Page 5

interdivisional meetings takes place at the end of each fiscal year to discuss funding obligations and award announcements.

In order to further strengthen and enhance these interdivisional coordination and oversight efforts, representatives of all relevant divisions will now be formally assigned as members of the Meth Program Team, which, until this point, has consisted primarily of GAD employees. Members of other COPS divisions responsible for managing and administering COPS grants will also participate in team meetings. In addition, the Grant Owner's Manual for the Methamphetamine Initiative will henceforth be distributed to all program grantees, regardless of awarding division, and agency reporting requirements will also be standardized across the COPS divisions (please refer to the COPS response to Recommendation #11 for additional information on such reports).

Based on the above management action, the COPS Office requests closure of Recommendation 2.

**Recommendation 3: Institute procedures to verify periodically the completeness and accuracy of grant information in CMS.**

The COPS Office concurs that completeness and accuracy of grant information in CMS should be verified periodically.

In fact, the COPS Office does indeed perform a review of grant information in CMS. In fact, when the appropriate COPS staff were contacted and the approved COPS policy (COPS Query Protocol) was followed, the correct information was provided to the OIG auditors while conducting their field work. However, the COPS Office will initiate additional procedures to ensure the completeness and accuracy of grant information in the system. Currently, when an award is data-entered into CMS, the information must be "quality control" reviewed by the program team leader or designee to insure that the data that has been entered matches the award information submitted by the grantee. The same procedure is followed for budget data within CMS. In addition, quality control of award data is performed when any grant award goes through an administrative function (extension, modification, withdrawal, or closeout) in CMS, as the Grant Program Specialist responsible for that administrative function reviews key data fields to ensure that the data is populated and accurate. Any discrepancies are to be reported to the program team leader, as well as any changes that occurred to the record when processing the administrative function.

To further strengthen our efforts in maintaining data accuracy, several new checks will be instituted to assess the data for completeness and reliability. When any award gets switched to an "ACCEPTED" status (from "PENDING") in CMS, the database administrator will perform an additional quality control review of that newly accepted record to ensure that the following key record fields have been populated: total award, project start date, project end date, and project description (if applicable). Any discrepancies will be immediately referred to the

Guy K. Zimmerman  
Draft Audit Report of the Office of Community Oriented Policing Services Methamphetamine  
Initiative  
March 7, 2006  
Page 6

program team leader for resolution and correction. Furthermore, when all ACCEPTED awards have been obligated within our financial database systems, the program team leader and the divisional database manager will perform another quality control review to ensure that the obligated amounts match the CMS total award amounts.

Based on the management action described above, the COPS Office requests closure of Recommendation 3.

**Recommendation 4: Develop and distribute a user's manual for CMS, including the Meth Initiative module.**

The COPS Office concurs that policies and procedures relative to the Meth Initiative should be included in the CMS user manual.

The COPS Office currently has a CMS user manual for employees to use when familiarizing themselves with the functions of the system. Although the guide's last update predates the implementation of the Meth module, the CMS manual discusses several global characteristics that are native to all CMS modules, including the Meth module. However, the COPS Office recognizes the need to update the user manual to include the Meth module, and intends to have this module updated, added to the CMS Users Manual, and distributed in 45-60 days.

The IT staff will work with Meth program staff to properly document the policies and procedures required to successfully use the Meth module of CMS in the overall support of the Meth Initiative.

Additionally, it is essential to note that CMS routinely passes DOJ security standards and has received an Authority to Operate that is based on security standards and guidelines.

When staff (both contractual and federal) leave the employment of the COPS Office, there are check-out procedures that must be followed. These check-out procedures ensure timely notice to the IT staff to disable all network access for the departing employee. Therefore, even if a departed employee's name is left on a group listing, the individual has no way to access the network.

**Recommendation 5: Modify the access status of COPS Office staff who do not need write-access to the Meth grant module, or portions thereof, in CMS.**

The COPS Office concurs that the access status to the Meth grant module required updating.

On pages 17 and 18 of the draft audit report, the OIG indicated that the COPS Office had not sufficiently limited the number of personnel with write-access to Meth Initiative grants. However, the OIG also acknowledged that between February and September 2005 the COPS Office took action to correct the weaknesses that were identified. Individuals who are no longer

Guy K. Zimmerman  
Draft Audit Report of the Office of Community Oriented Policing Services Methamphetamine  
Initiative  
March 7, 2006  
Page 7

on the Meth team and individuals no longer employed by the COPS Office have now been removed by the COPS Office. The most recent listing of users is limited to current Meth team members, the GAD database administrator, and IT staff.

Additionally, it is essential to note that CMS routinely passes DOJ security standards and has received an Authority to Operate that is based on security standards and guidelines.

When staff (both contractual and federal) leave the employment of the COPS Office, there are check-out procedures that must be followed. These check-out procedures ensure timely notice to the IT staff to disable all network access for the departing employee. Therefore, even if a departed employee's name is left on a group listing, the individual has no way to access the network.

Based on the above management action, the COPS Office requests closure of Recommendation 5.

**Recommendation 6: Develop procedures regarding the periodic review and update of user status by the Meth Team leader.**

The COPS Office concurs that procedures regarding periodic review and update of user status by the Meth Team Leader should be in place.

On page 18 of the draft audit report, the OIG indicates that the COPS Office did not have a written policy requiring periodic review of users with write-access to CMS. Currently, the Meth program team leader notifies the GAD database administrator when a user is to be removed or added to have write-access to the Meth CMS module. The GAD database manager, in turn, forwards this request to COPS IT staff. Once IT staff has granted write-access permission, the GAD database manager is notified, who in turn notifies the program team leader.

In the future, to ensure that the write-access list is current, the GAD database administrator will, on a quarterly basis, request from IT staff a list of users that have write-access to a particular CMS module. This list will be forwarded to the program team leader for review to ensure the accuracy of the list, and will also provide the team leader with the opportunity to either add or remove the names of individuals who now require (or no longer require) write-access to CMS. Once the team leader has reviewed the list and provided comments, the list will be forwarded back to the GAD database manager. The GAD database manager will review the list and send it to IT to update users with write-access. Once the list has been updated, the GAD database administrator will notify the program team leader that the revisions have been implemented.

Based on the above management action, the COPS Office requests closure of Recommendation 6.

Guy K. Zimmerman  
Draft Audit Report of the Office of Community Oriented Policing Services Methamphetamine  
Initiative  
March 7, 2006  
Page 8

**Recommendation 7: Require IT staff to periodically monitor log-out practices of staff and provide reminders as necessary.**

The COPS Office concurs that log-out practices should be monitored periodically by IT staff.

Presently, the COPS Office has policies and procedures in place that assist in monitoring log-out practices of staff in addition to account maintenance when employees leave. Primarily, each COPS staff member must sign and abide by a "Rules of Behavior" document (ROB) when receiving a network account and then a subsequent renewal is required annually. This ROB clearly defines that users are required to log off of their system when leaving for the day or any extended period of time. Instructions on how to perform a proper log-out are included in the ROB. Violations of the rules articulated in the ROB may result in disciplinary action commensurate with the infraction. Furthermore, COPS staff are tested annually on IT security procedures related to the ROB.

Additionally, it is essential to note that CMS routinely passes DOJ security standards and has received an Authority to Operate that is based on security standards and guidelines.

When staff (both contractual and federal) leave the employment of the COPS Office, there are check-out procedures that must be followed. These check-out procedures ensure timely notice to the IT staff to disable all network access for the departing employee. Therefore, even if a departed employee's name is left on a group listing, the individual has no way to access the network.

Additionally, when the IT staff performs patches and upgrades, emails are sent to users requesting that each user log off at the end of the day. IT staff members are able to determine if users did not log off by reviewing which workstations did not receive the patches. Recently, with the addition of Active Directory (software which allows any object on a network to be tracked and located) into our IT environment, improvements have been made to the way the COPS Office is able to review the current log status for all users. These reports will be reviewed weekly and any oddities and/or extended log-in times will be addressed with the user.

Based on the above management action, the COPS Office requests closure of Recommendation 7.

**Recommendation 8: Require audit trail capability in the next upgrade of the CMS software.**

The COPS Office concurs that audit trail capability is critical in managing CMS and will address this in the next upgrade.

Guy K. Zimmerman  
 Draft Audit Report of the Office of Community Oriented Policing Services Methamphetamine  
 Initiative  
 March 7, 2006  
 Page 9

While CMS does not have a fully automated audit trail capability, a full audit trail could be constructed by interrogating/querying the SQL Server transaction log.

The fields and modules where we currently track each change by date and user are the following:

- Award- Current value, previous value, date the record changed, and the name of the user performing the change are all tracked for each award amount and obligated date.
- Adjustment History- All information relating to each award adjustment including user and date information is stored.
- Agency Information- Contact data for grantees is stored for each change, including current and previous information, name of user performing the change and the date for each transaction.
- Sworn Force Strength- Actual force level is stored and tracked for each change including user performing the changes and date changed.
- Extensions- Each extension to an award end date is tracked by extension time, user performing the change and the date for each transaction.
- Population- same as above.
- Other items tracked in this audit trail manner include DUNS numbers, holds put on grantee drawdowns, Grants.gov reviewer information, Audit Management System milestone dates, and file room status.
- Application status- CMS tracks the changes to application status by user and date.

Currently, the DOJ CIO has issued guidance to explore the possibility of a single grants management system for all DOJ grants. As the COPS Office participates in these discussions and eventual system consolidation or building a new system, audit trail capability will be a requirement for the system.

**Recommendation 9: Standardize grant oversight procedures to ensure that all Meth Initiative grants are monitored in a consistent fashion and that these monitoring activities are documented in the grant records.**

The COPS Office concurs that all Meth Initiative grants should be monitored in a consistent fashion and documented in the grant records.

As explained in our response to Recommendation #2, in order to further strengthen and enhance our interdivisional monitoring and oversight efforts, representatives from both PPSE and T&TA will now be formally assigned as members the Meth Program team, and will regularly attend meetings of the Meth Program team. Members of other COPS divisions responsible for managing and administering COPS grants will also participate in team meetings. In addition, the Grant Owner's Manual for the Methamphetamine Initiative will henceforth be distributed to all program grantees, regardless of awarding division, and agency reporting

Guy K. Zimmerman  
 Draft Audit Report of the Office of Community Oriented Policing Services Methamphetamine  
 Initiative  
 March 7, 2006  
 Page 10

requirements will also be standardized across the COPS divisions (please refer to the COPS response to Recommendation #11 for additional information on such reports).

**Recommendation 10: Review and update the Meth Grant Manual (including standardization of submission dates for program progress reports) and ensure that all Meth Initiative grants are administered consistently and grantees are required to adhere to the same guidelines.**

The COPS Office concurs.

As noted in the audit report, the Methamphetamine Initiative Grant Owner's Manual was most recently updated and revised in September 2005. The manual will henceforth be distributed to all program grantees, regardless of awarding division. The grant conditions listed in the Grant Owner's Manual also appear on the reverse side of each award document mailed to grantees, and by signing the award document, grantees thereby agree to adhere to all administrative requirements set forth in the manual.

Because award mailout dates and end dates vary greatly between grantees, it is impossible to list within the Grant Owner's Manual a fixed calendar schedule that would apply to all grantees as to when programmatic Status Update Reports and Final Update Reports may be sent out. Rather, as explained in greater detail in our response to Recommendation #11 (see below), an initial Status Update Report will first be sent to grantees approximately six months after their award documents are mailed out to them, and will continue to be sent every six months thereafter until the conclusion of the grant period. At that time, a Final Update Report will be mailed out to obtain information on the overall implementation and success of the project.

Based on the above management action, the COPS Office requests closure of Recommendation 10.

**Recommendation 11: Increase monitoring of grantee compliance with reporting requirements to ensure that all required reports are submitted.**

The COPS Office concurs.

The COPS Office and the Meth Program team are committed to ensuring consistent formalized reporting practices for all grantees with regard to the submission of required progress reports under the program. Accordingly, the team developed a programmatic Status Update Report (SUR) to be sent to grant recipients semi-annually to monitor the progress of project implementation (See Attachment #A-1). The first SUR will be sent to grantees approximately six months after their award documents are mailed out to them, and will continue to be sent every six months thereafter until the conclusion of the grant period. At that time, a Final Update Report (FUR) will be mailed out to obtain information on the overall implementation and success of the project (See Attachment #A-2).

Guy K. Zimmerman  
Draft Audit Report of the Office of Community Oriented Policing Services Methamphetamine  
Initiative  
March 7, 2006  
Page 11

In the past, grantees that failed to submit their required Status Update or Final Update Reports by the required deadlines were contacted via telephone to obtain the missing reports. This method has proven successful in the past, as evidenced by a 99% compliance rate for SURs mailed out to grantees in October 2005. However, in an effort to further enhance our report collection procedures, the COPS Office is in the process of developing initial and secondary delinquency notification letters to send to those grantees who have failed to submit their required reports. Failure to submit a report following the second notification letter will lead to the creation of a compliance issue and formal referral to the COPS Grant Monitoring Division for resolution, which may involve the suspension and/or possible termination of grant funding.

These SUR/FUR reports and collection procedures will be utilized by all divisions within COPS (GAD, PPSE, and T&TA) that manage Meth awards.

Based on the above management action, the COPS Office requests closure of Recommendation 11.

**Recommendation 12: Periodically update “Best Practices” on the COPS Office Website with information developed by the Meth Team.**

The COPS Office concurs that it is in the best interests of both COPS Office staff and our grantees to take advantage of the valuable information learned through the administration of our grant awards and to distribute it to internal staff members and external customers. As indicated by the OIG, one of the most efficient ways to proactively share such information is through the Internet via the Meth Program page of the COPS Office web site. At present, the web site posts information on a variety of topics such as upcoming Meth-related conferences and summits, environmental assessment assistance, Internet links to other Meth-related sites, and Problem Oriented Policing guides and other publications related to combating the production and use of Methamphetamine and other drugs. For example, the “Tools for Combating Meth” kit currently posted on the COPS web site includes downloadable copies of publications such as “Clandestine Drug Labs,” “Combating Methamphetamine Laboratories and Abuse: Strategies for Success,” and “Drug Dealing in Open Air Markets.” In addition, grantees can download useful documents regarding the management and administration of their Meth award, such as the Grant Owner’s Manual and the “Helpful Hints Guide for Completing a Financial Status Report.”

The COPS Office will continue to enhance our dissemination of valuable Meth-related information by posting at least one new Internet link or document on our web site on a semi-annual basis, with special focus to be placed on information falling under the category of “best practices.”

Based on the above management action, the COPS Office requests closure of Recommendation 12.

Guy K. Zimmerman  
Draft Audit Report of the Office of Community Oriented Policing Services Methamphetamine  
Initiative  
March 7, 2006  
Page 12

**Recommendation 13: Remedy the \$365,639 balance of monies not deobligated for the grants that had funds available past the expiration dates.**

We concur with this recommendation and have remedied the recommendation by deobligating the funds available past the expiration dates on seven grants and extending the expiration date on one grant (See Attachments #B-1 - #B-10).

Based on the above management action, the COPS Office requests closure of Recommendation 13.

**Recommendation 14: Institute procedures to immediately deobligate grants when a grant is completed, when a grantee withdraws, or when a grantee does not accept a grant.**

The COPS Office concurs with this recommendation. The COPS Office implemented a written Expired Grant Policy on March 31, 2005, to ensure the timely deobligation of grants. Under this policy, on a quarterly basis grants due to expire are identified and a list is sent to program offices for review. If the grantee does not request and is not granted a no-cost extension of time to complete implementation of the grant, or if the grant is terminated or withdrawn, the program offices notify the Finance Office when it can proceed to deobligate unliquidated balances. The grantee has 90 days from expiration in which to submit its final reports, unless it requests and is granted more time to do so, and the agency has 90 days from that time to make final cost adjustments before deobligating remaining balances. The policy is based upon 28 C.F.R. Section 66.50, which generally allows the grantee 90 days to submit its final reports and the agency an additional 90 days to make adjustments. We believe this meets the intent of this recommendation, and therefore request closure.

**Recommendation 15: Identify minimum training standards for grant program specialists and develop a Meth Initiative grant procedures manual for the Meth Team.**

The COPS Office concurs that minimum training standards need to be identified and adhered to. The COPS Office has always been committed to providing all Grant Program Specialists (GPSs) with sufficient training to ensure the successful completion of their assigned duties, and recognizes the need to continually enhance, further develop, and implement proficient internal controls. All new GPSs are trained first and foremost on the general tasks, concepts, policies, and procedures common throughout the program teams within the Grants Administration Division. Staff members attend a mandatory two-day "New Staff Training" session to learn about the history of each grant initiative managed by the division, as well as to receive an overview of the day-to-day management and administration of each program. The presentation also includes a detailed description of the function of each division within the COPS Office, which prepares employees to be aware of the agency-wide coordination efforts necessary to ensure the successful administration of grant funding (See

Guy K. Zimmerman  
 Draft Audit Report of the Office of Community Oriented Policing Services Methamphetamine  
 Initiative  
 March 7, 2006  
 Page 13

“New Staff Training” agenda, Attachment #C-1). Each new GPS is also assigned a veteran “mentor,” who provides in-depth and on-the-job training on a daily basis regarding the grant life cycle and the entire range of divisional tasks and assignments. Checklists are used by the mentors to keep track of which topics and procedures have been successfully covered.

In addition, the Meth program team is dedicated to providing the employees assigned to that team with opportunities to increase their operational knowledge on the subject of Methamphetamine. The team holds regular meetings to discuss grant application submissions, administrative or procedural changes, and suggestions for process improvements, and assigns team-based mentors to new employees in need of additional program guidance. Periodically, the team invites guest speakers with expertise in the subject of Methamphetamine to the COPS Office to host informational sessions on a variety of issues. In addition, Meth team members occasionally attend working conferences, visit drug training facilities, review publications, and conduct site visits to acquire an ongoing working knowledge of the dangers associated with the use and distribution of the drug.

The development of a formalized Meth team-based procedures manual was not deemed necessary for team members to comprehensively understand the tasks for which they are responsible, as team leadership has developed and disseminated a large number of guidance documents and written protocols to assist employees in the day-to-day oversight and management of the Meth awards. These documents cover processes and grant life cycle stages such as initial data entry; Control Desk duties; re-prints of lost or missing award documents; extensions; collection of progress reports; and handling of expired awards (See Attachments #C-2 – #C-5). Team members also receive training on and act in accordance with all agency-wide policies and procedures, such as the Grant Obligation Process flowchart, Closeout Policy and Procedures Manual, and Expired Grants Policy.

Based on the above management action, the COPS Office requests closure of Recommendation 15.

**Recommendation 16: Review all grant applications from earmarked entities, consult with the DEA, and as necessary coordinate with Congress when grant applications do not appear to be warranted or are not consistent with the intent of the Meth Initiative.**

The COPS Office concurs.

The COPS Office thoroughly reviews every application received. When applications request items that are not consistent with the intent of the Meth Initiative, or are not warranted, COPS works closely with the applicant to redirect their proposal.

The COPS Office routinely contacts Congress to notify them when grant applications are not warranted or are not consistent with the intent of the Meth Initiative. The COPS Office also contacts Congress to inform them about progress with individual projects and reports on every

Guy K. Zimmerman  
Draft Audit Report of the Office of Community Oriented Policing Services Methamphetamine  
Initiative  
March 7, 2006  
Page 14

Meth grant at the end of the fiscal year. COPS will also contact outside agencies (such as OJP and DEA), as necessary, to determine if particular grants are warranted.

In FY 2004, the COPS Office formalized the coordination of all congressionally designated project grants with a new cross-divisional working group. Representatives from GAD (including the Tech, Meth, and SSI teams), T&TA, PPSE, GMD, Legal Division, External Affairs Division, Management and Budget, and Finance participate in the group. This group meets weekly to coordinate all of these distinctive COPS grants to ensure that both the Appropriations language and our statutory and programmatic goals are met. This group has been particularly important as the number of congressionally designated grants for which the COPS Office is responsible increases each year.

**Recommendation 17: To assist in measuring program effectiveness on a regular basis, periodically review and assess individual grant outcomes and results, as well as Meth-related statistics and research and disseminate this type of information to Meth Initiative grantees.**

The COPS Office concurs that program effectiveness and outcomes, as well as Meth-related statistics and research, should be disseminated to Meth Initiative grantees.

As noted earlier in our response to Recommendation #12, the COPS Office currently makes a wide range of Meth-related statistics and research available to grantees and other law enforcement agencies through our web site and other publications. For example, all agencies awarded a Meth grant in 2005 were recently sent a package of materials and information related to the drug and its prevention.

In an effort to further gauge the effectiveness of the Meth program and how it has assisted state and local law enforcement communities in successfully combating the production, use, and distribution of Meth nationwide, the COPS Office will periodically review and evaluate the semi-annual progress reports (Status Update Reports) submitted by grant recipients. The information retrieved from the reports will assist the program team in identifying areas in need of improvement, as well as provide limited quantitative data of successful activities that may then be posted on the program web site for use by external customers.

The program team will also periodically review Meth-related statistics provided by state and local law enforcement departments through the DEA's El Paso Intelligence Center (EPIC) to assess the growing needs of various populations for additional funding, should such funding become available.

Based on the above management action, the COPS Office requests closure of Recommendation 17.

Guy K. Zimmerman  
Draft Audit Report of the Office of Community Oriented Policing Services Methamphetamine  
Initiative  
March 7, 2006  
Page 15

The COPS Office would like to thank you for the opportunity to review and respond to the draft audit report. If you have any questions, please contact me at (202) 616-3291 or Cynthia Bowie, Assistant Director for the Audit Liaison Division, at (202) 616-3645.

**Attachments**

cc: Richard P. Thies  
Director  
DOJ/JMD Audit Liaison Office

Carol Taraszka  
Regional Audit Manager  
OIG Chicago Regional Office

OIG Note: Attachments not included for brevity.

**OFFICE OF THE INSPECTOR GENERAL  
ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO  
CLOSE THE REPORT**

The COPS Office concurred with our recommendations and discussed the actions it has already taken and others it will implement in response to our recommendations. However, before addressing each response to the OIG recommendations, we are providing the following comments on the COPS Office's response to the draft report.

In Appendix X, pages 68 and 69, the COPS Office provided the following general comments:

*The COPS Office undertakes funding decisions on a case-by-case review because state and local law enforcement agencies are on the front line and know better what their communities need in order to address their emerging law enforcement issues. The COPS Office will fund any lawfully allowable item based on the grantee demonstrating need. COPS guidance contains a list of certain items that are generally not acceptable to buy with COPS funds...unless the circumstances show they are critical to the implementation of the grantee's specific Meth project. That list was compiled based on our experience that those types of basic, day-to-day policing items, albeit necessary for general policing, may not be aimed specifically at Meth. As the COPS Office makes absolutely clear, however, the lists are of general guidance, subject to the exception of justifying a link to the grantee's particular circumstances. In short, (1) what the OIG calls "generally prohibited" items are not prohibited under program guidelines if they correlate to the project objective, and (2) the same process is applied to all awards.*

We believe that we have characterized this issue appropriately in our report. Our report noted that about a third of the grantees reviewed in our audit received permission to fund items on the list of generally unallowable costs. Moreover, this list is contained within the 1999, 2001, and 2002 *COPS Meth Grant Manuals*, which we found were not provided to several Meth Initiative grantees. Therefore, some grantees may not have been aware of what items were generally prohibited. We believe that this creates the perception of a double standard. Further, the high percentage of grantees provided with an exception for the purchase of generally allowable items indicates that the approval of exceptions has become a regular occurrence and is no longer used under extremely limited and extenuating circumstances, as stated directly on the "FY 2005 Meth Program List of Unallowable Costs" that was provided to grant monitors.

In Appendix X, pages 68 through 82, the COPS Office provided responses to the OIG recommendations, which we analyze in turn:

**Recommendation Number:**

1. **Resolved.** The COPS Office concurred with our recommendation and agreed that an agency-wide plan with policies and procedures is necessary to implement all COPS grant programs, including the Meth Initiative. This recommendation can be closed when the COPS Office provides a formal plan with policies and procedures for implementing the Meth Initiative. The plan should include goals, objectives, and performance measures for the initiative, including both earmarked and discretionary funding. Further, please provide us with evidence of coordination with other key agencies, including the DEA, in determining the most valuable and beneficial purposes for using funds appropriated to the Meth Initiative.
2. **Resolved.** The COPS Office concurred with our recommendation to develop an improved communication method to promote consistency in grant oversight. As noted in our report, meth grant monitors (from various divisions within the COPS Office) were not administering awards in a consistent manner. To address these inconsistencies, the COPS Office stated that the Meth Team will now include representatives from the other divisions with responsibility for Meth Initiative grants. However, in order to ensure policies and procedures are adequately communicated, we believe that the representatives assigned to the Meth Team should be actual meth grant monitors.

This recommendation can be closed when we receive a copy of the notice given to the Meth Team leader to ensure that all meth awards, including those assigned to other divisions, are administered in a consistent manner. Also, please provide evidence (such as an updated Meth Team listing) of the assignment of meth grant monitors from other divisions to the Meth Team, notification to the new members of the requirement to participate and meet regularly with the Meth Team, and documentation to support the provision of the *Meth Grant Manual* to all Meth Initiative grant monitors.

3. **Resolved.** The COPS Office concurred with our recommendation and stated it has implemented additional steps to ensure the accuracy and completeness of grant information in the CMS. In its response, the COPS Office stated that the program team leader or designee reviewed the grant data entered to ensure it matched the award information and

that an additional quality control review was performed when the grant went through an administrative function (extension, modification, withdrawal, or closeout). Our review noted numerous errors, omissions, and discrepancies in the CMS data originally provided, which had to be entered or corrected to provide an accurate and complete listing of meth award grantees and other information. This indicated that prior quality control procedures were not being followed or the existing controls were inadequate.

In its response, the COPS Office stated it will institute the following quality control steps: (a) upon obligation of all accepted awards, the program team leader and database administrator will reconcile the obligated amounts to total award amounts in the CMS; and (b) the database administrator will review newly accepted records to ensure that certain key record fields have been populated and report discrepancies to the program team leader for resolution and correction. While the reconciliation and resolution of funding discrepancies will identify funding errors in specific awards, and the database administrator's review should identify missing data in key data fields, it does not appear to address the accuracy of data entry not related to award amounts. This recommendation can be closed when we receive evidence that the proposed quality control steps were implemented, as well as formalized procedures detailing how and when the program team leader's review will be conducted and verified to ensure that CMS data is accurate and complete.

4. **Resolved.** The COPS Office concurred with our recommendation that an updated *CMS User's Manual*, including the Meth Initiative module, should be prepared and distributed to staff. According to its response, the COPS Office expects this manual to be distributed in 45-60 days, with the portion devoted to the Meth module containing the input of Meth program staff. This recommendation can be closed when we receive a copy of the updated manual and documentation to support that it has been distributed to all staff.
5. **Resolved.** The COPS Office concurred with our recommendation to modify the access status of staff that do not require write-access to the Meth grant module in the CMS. Further, the COPS Office response stated that such access has been reviewed and modified and the most recent listing of users is limited to current Meth Team members, the GAD database administrator, and IT staff. This recommendation can be closed with we receive a current, approved listing of staff with write-access to the meth module that includes the reason access is necessary.

6. **Resolved.** The COPS Office concurred with our recommendation that the user access listing should be periodically reviewed and updated. This recommendation can be closed when we receive the policy that formalizes the requirement for quarterly review of user status and evidence that the quarterly review for the period ending March 2006 has been performed.
7. **Resolved.** The COPS Office concurred that IT staff should periodically monitor staff log-out practices and provide reminders as necessary. The COPS Office cited several policies and procedures previously in effect which should have identified and corrected untimely employee log-off. However, because we found that the CMS identified Meth Team members who remained logged onto the system for at least 8 months at a time while employed by the COPS Office, it appears that COPS Office staff were not following the established procedures. In its response, the COPS Office stated it will begin to receive and review a weekly report regarding all users and their log-on status. This recommendation can be closed when we receive a copy of the weekly log-in status reports for all users for the months of March, April, and August 2006. The COPS Office should highlight those instances where daily log-off did not occur, and confirm that it has taken action to address the issue.
8. **Resolved.** The COPS Office concurred that audit trail capability will be included in the next upgrade of the CMS software. While the COPS Office response stated that a full audit trail could be constructed by querying the SQL Server transaction log, the COPS Office IT staff informed auditors during fieldwork that only the most recent change data and user was tracked in the system. This recommendation can be closed when we receive information regarding the next system upgrade, expected timeframes, and audit trail capability.
9. **Resolved.** The COPS Office concurred with our recommendation that all meth awards should be monitored in a consistent fashion and that monitoring activities should be documented in the grant files. As noted in recommendation number 2, the COPS Office will now require representatives from both the Program, Policy Support, and Evaluation Division and the Training and Technical Assistance Division to regularly attend Meth Team meetings. The COPS Office will also distribute the *Meth Grant Manual* to all Meth Initiative grantees regardless of the awarding division.

This recommendation can be closed when we receive a copy of the notice sent to all current meth grantees requiring them to comply with the *Meth Grant Manual*. In addition, please provide copies of any documents created to standardize the grant-monitoring process, such as during the application review process, semi-annual progress report form, delinquency letters, grant closeout review, and timeframes. Further, please provide us with a copy of the instruction issued to the grant monitors requiring them to document in the official grant file their monitoring activities in a more consistent fashion and on a more regular basis.

10. **Resolved.** The COPS Office concurred with our recommendation to review and update the *Meth Grant Manual*, including standardization of submission dates for program progress reports and to ensure that all meth grants are administered consistently and grantees are required to adhere to the same guidelines. In its response, the COPS Office noted that a new manual was recently released. However, the COPS Office stated that it would be impossible to list within the grant manual a fixed schedule that would apply to all grantees as to when progress and final reports were due. Instead, the COPS Office stated it will begin to send out and request progress reports every 6 months using the date the award documents are mailed out. We believe that it is possible for the *Meth Grant Manual* to specify timeframes for progress reports because award start and end dates vary greatly between grantees. It is possible to set a fixed calendar schedule by stating progress reports are due, for example, every June and December until the grant ends. The grantees should also be given a timeframe specifying when the report is due, such as within 30 days after the report period's end date. We believe that this is necessary because, as noted in our report, the lack of grant progress reports was substantially the result of the COPS Office's failure to request reports be completed.

Further, the COPS Office also noted that it telephoned contacts to obtain missing reports and was 99 percent successful for the program progress reports mailed out to grantees in October 2005. However, the timeliness of report submissions was not discussed. Our report noted that grant monitors were not routinely sending out progress report requests to grantees nor ensuring that missing reports were filed in those instances where they had originally been requested. Again, we believe that the program progress report form should be provided to grantees at the start of the award and that grantees should be required to file them automatically, and not wait for a request from the grant monitor.

In order to close this recommendation, please provide us with evidence that the grant progress report submission process has been standardized and improved.

11. **Resolved.** The COPS Office concurred with our recommendation to increase monitoring to ensure grantee compliance with reporting requirements. The COPS Office developed a standardized progress report, which will be sent to all meth grantees on a semi-annual basis to monitor the progress of the project until its completion. In addition, the COPS Office is in the process of developing initial and secondary delinquency notification letters to send out to grantees who have failed to submit their required reports. In order to close this recommendation, please provide us with a listing of all awards open as of March 31, 2006, the dates the most recent progress report was due and received, the dates of their expected progress reports for the next two semi-annual periods, as well as the final report due date, if applicable, along with copies of the pro-forma delinquency notification letters.
12. **Resolved.** The COPS Office concurred with our recommendation and stated that it will continue to enhance its dissemination of valuable meth-related information by posting at least one new Internet link or document on its website on a semi-annual basis, with special focus on information falling under the category of "best practices." To close this recommendation, please provide us with information on who will be designated with these responsibilities and how this process will be monitored by the COPS Office to ensure it occurs.
13. **Resolved.** The COPS Office concurred with our recommendation to remedy \$365,639 remaining on hand in expired grants and stated it deobligated funds in seven of eight awards and granted an extension for the remaining grant. Based on our review of the supporting documentation provided for these grants, the COPS Office deobligated \$295,558 in six awards and granted an extension for \$65,627 in one instance. In the remaining grant, it appears the COPS Office allowed the grantee to draw down \$4,454 in grant funds 13 months after the grant expired, without an extension. The OJP Financial Guide states that grantees must obligate funds prior to the grant expiration date and should request their final drawdown no more than 90 days after the grant-end date. During fieldwork, we reviewed this file and noted no documented contact in the grant file by the grant monitor in the 9 months following grant expiration. In order to close this recommendation, please provide a written explanation, including

supporting documentation, for allowing the grantee to draw down the \$4,454. The explanation should include copies of any contemporaneous correspondence that discusses the drawdown.

14. **Resolved.** The COPS Office concurred with our recommendation and stated that it has instituted an Expired Grant Policy to ensure the timely deobligation of grant funds. In order to close this recommendation, please provide us with: (a) a copy of the issued Expired Grant Policy; and (b) a listing of open expired grants as of March 31, 2006, and funds on hand as of that date. The listing should include grantee name, grant number, award end date, and its fund balance on that date. For expired grants over 90 days old with a remaining fund balance, please provide a description, along with any supporting documentation available, of the actions taken regarding deobligation.
  
15. **Resolved.** The COPS Office concurred with our recommendation that minimum training standards for grant program specialists need to be identified and adhered to and that internal controls should be continually enhanced. According to its response, the COPS Office has developed a checklist for use by mentors during on-the-job training for grant program specialists. Further, the COPS Office stated that the Meth Team leadership has developed and disseminated a large number of guidance documents and written protocols to assist employees in their oversight and management of meth awards. Therefore, to close this recommendation, please provide the mentoring checklist that illustrates that the COPS Office has identified the minimum training standards for grant program specialists. In addition, please provide evidence that the body of guidance for Meth Team members is no longer maintained in an ad-hoc manner, has been centralized for easy reference, and has been provided to each member.
  
16. **Resolved.** The COPS Office concurred with our recommendation and stated that it consults with outside agencies, including the DEA, and as necessary coordinates with Congress when grant applications do not appear warranted or are not consistent with the intent of the Meth Initiative. Our review noted that the COPS Office will work with an earmarked grantee to refocus its grant application in a direction more consistent with the Meth Initiative. However, the COPS Office did not consult with the DEA and did not review the earmarked proposals to determine if grants were *warranted*. COPS officials told us they do not believe they possess the same degree of control over earmarked funds that they do with discretionary grant funds. According to an official with the External Affairs Division, the COPS Office does not question

the direction of Congress, including the grantees identified, the purpose of the programs indicated, or the amounts stipulated for earmarked entities. Therefore, as stated in our report, we believe the COPS Office does not strategically analyze or assess the necessity or benefit of awarding funds to the earmarked entities, or compare the congressionally identified projects to those of other entities. In order to close this recommendation, please provide us with documentation supporting that the DEA has been consulted regarding the proposals, and evidence of the COPS Office's attempts to coordinate with Congress when grant applications do not appear to be warranted or consistent with the intent of the Meth Initiative.

17. **Resolved.** The COPS Office concurred with our recommendation that information related to program effectiveness and outcomes, as well as meth-related statistics and research, should be disseminated to Meth Initiative grantees. The COPS Office stated that it will periodically review and evaluate the semi-annual progress reports and use this information to identify areas in need of improvement, and provide limited quantitative data of successful activities on its website. In addition, the program team will periodically review meth-related statistics to assess the growing needs of various populations for additional funding. In order to close this recommendation, please provide us with evidence that the COPS Office has reviewed, evaluated, and analyzed: (1) progress reports submitted by the grant recipients, (2) meth-related statistics provided by state and local law enforcement departments to EPIC, and (3) the contribution of grantee accomplishments towards the achievement of overall program goals.