

Jackson County COMBAT

Community Backed Anti-Crime Tax

Agreed Upon Procedures

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Exhibit 1- Agreed Upon Procedures

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We have performed consulting services for Jackson County, Missouri (the “County”) with regard to COMBAT, the Community Backed Anti-Crime Tax. This report presents our findings and observations as of May 3, 2019. We placed reliance upon information provided to us for evaluation or through conversations and interviews with relevant parties. We reserve the right to supplement this report if additional information becomes available.

Our services were provided in accordance with the Statement of Standards for Consulting Services promulgated by the American Institute of Certified Public Accountants, and accordingly do not constitute a rendering by **BKD, LLP** or its partners or staff of any legal advice, nor do they include the compilation, review or audit of financial statements. Because our services were limited in nature and scope, they cannot be relied upon to discover all documents and other information or provide all analyses that may be of importance in this matter. For instance, any procedures we performed cannot be relied upon to give assurance that any defalcations or fraudulent transfers that might have taken place were discovered.

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BKD, LLP

BKD, LLP

Julia Mast

Julia Mast, CPA, CFE, ABV, CFF
September 13, 2019

Engagement Scope

BKD, LLP was hired to provide forensic accounting and data analytic services for Jackson County, Missouri in connection with the activities of the COMBAT program.

Our evaluation was performed through the assessment of existing written policies and procedures, data analytics, disbursement testing and interviews with specific County staff. Our agreed upon procedures are included as *Exhibit 1* to this report.

Primary Findings

Our procedures found the following:

- There has been a pattern of COMBAT funds being spent without the approval or knowledge of COMBAT management during the Scope Period.
- Budgeted Anti-Crime Tax revenue has been low since 2010. We found that the majority of the surplus revenue was not appropriated to COMBAT program funding the following year, but was ultimately used towards capital improvement projects throughout the County or projects authorized by the County Executive.
- There are no agreements or memorandums of understanding regarding the use of COMBAT funds in County department, and the County departments do not report to COMBAT accomplishments achieved with the sales tax.

Additional findings, observations and procedures are detailed in the remainder of the report.

Overview of COMBAT

The Community Backed Anti-Drug and Anti-Violence Tax (COMBAT) began in 1989, and has permitted the County to approach the impact of drugs on individuals and entire communities as both a legal issue and a public health crisis. In 2009, COMBAT added anti-violence to their core mission, understanding that violent crime and substance abuse cannot be separated.

Programmatically, COMBAT facilitates:

- Prevention – programs geared primarily toward children and adolescents to deter them from drug use
 - The Anti-Violence Special Initiative (AVSI) funds innovative anti-violence programs that focus on prevention and reduction of violent crime in schools, community organizations, health clinics, mental health centers and neighborhood associations
- Treatment – COMBAT funds nearly two dozen treatment programs to help those addicted to drugs to get and stay clean and be productive community members
- Criminal Justice – COMBAT plays a vital role in law enforcement, prosecution and diversion efforts to address illegal drugs and violence

Over the last 10 years, COMBAT's annual budget to support County and external agency efforts in the area of anti-drug and anti-crime programs has averaged \$21 million. The COMBAT program is funded through a one-quarter of one cent sales tax commonly known as COMBAT or the Anti-Crime Tax. Most recently, on November 8, 2016, Jackson County residents voted to continue the sales tax for nine years.

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COMBAT support's County departments and outside entities involved in anti-drug and anti-violence efforts through the provision of funding, the development of strategic community programs, seeing that the agencies are working collaboratively and comprehensively in violent crime areas, and the monitoring of outside entity programs. The funding source was established by a September 11, 1995 resolution which provided that Anti-Crime Tax revenues be annually distributed. Although the percentages have remained unchanged, emphasis on anti-violence has increased. The current allocation of Anti-Crime funds is below. BKD has further distinguished the distribution between County entities and outside entities.

County Departments:

- Jackson County Drug Task Force	9.5%
- Prosecutor's Office	9.5%
- Circuit Court	12.0%
- Drug Court	6.0%
- Corrections	15.0%

Outside Entities:

- Kansas City Police	9.5%
- Drug Prevention	7.5%
- Drug Treatment	15.0%
- Grant Match	10.0%
- D.A.R.E.	6.0%

In 2019, an additional amount was reallocated for anti-violence¹ work from the "Non-Departmental- Anti-Drug Fund" (or Non-Departmental) COMBAT program line item. Although the 2019 anti-violence programs are being funded from the balance of prior year's excess revenue received over budgeted revenue, COMBAT should formalize anti-violence programs by updating the percentages in a new funding resolution for legislative approval (as discussed later in this report.)

During the budgeting process for an upcoming year, COMBAT revenue is estimated (See **Observation 1** for more about this budgeting process). This allows the County departments to estimate their COMBAT revenue, which is included as a revenue line item in each County department's approved budget. With this revenue budgeted, County departments spend funds from this revenue through the County's Finance Department (Finance), which acts as the paymaster for all County departments and programs. In the past 30 years, an average of 52% of COMBAT's budget has been used to fund County departments.

COMBAT also uses the Anti-Crime Tax revenue in grant making activities to external agencies involved in anti-drug and anti-crime efforts that meet COMBAT's identified program needs. In the past 30 years, an average of 48% of COMBAT's budget has been used to provide grant funding to external agencies. Programs funding by COMBAT grants provide services ranging from funding detectives in Kansas City who investigate drug related and violent crimes, to

¹ As there is no current official "Anti-Violence" budget line item, these funds are held within the "Community Crime Prevention" budget line item.

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supporting young people who are at risk to prevent crime and drug involvement, to providing adults in high risk/high crime areas with on-on-one financial and employment coaching.

COMBAT’s website provides crime mapping, links to resources, listing of available programs, and an abundance of information on trends in crime, bullying, the opioid crisis, how to talk to children about drugs, and much more.

COMBAT Administration

Upon formation, COMBAT was under the authority of the Prosecutor’s Office. In 2008, a COMBAT Review Committee made recommendations on restructuring the administration of COMBAT to “create a more streamlined process that is less subject to confusion and duplication of efforts”.² The ordinance placed the administration of COMBAT under the supervision of a COMBAT director, who was to be appointed by the County Executive, subject to the disapproval of the County Legislature. This was the first step which effectively allowed the County Executive to oversee COMBAT. The County Executive at the time of this change was Mike Sanders. In December 2015, Mike Sanders announced his resignation³ and in January 2016, Frank White became the County Executive.

Tensions between the County Legislators and the new County Executive began to grow as there was alleged lack of transparency into the Executive Office’s spending. Concerns included the County Executive spending under an “emergency status” to bypass legislative approval, as well as large expenditures broken down to amounts under the threshold requiring legislative approval. For example, the County Executive’s Office paid \$33,945.00⁴ for a 2016 Chevy Colorado for use by the County Executive’s Chief of Staff. The cost was taken from the following funds in amounts under the \$10,000 threshold which would not require legislative approval:

001-5101 General Fund- Non Departmental	\$	9,999.00
002-5102 Health Fund- Non Departmental		4,869.00
003-5103 Park Fund- Non Departmental		4,869.00
004-5104 Special Road & Bridge- Non Departmental		4,869.00
008-5108 Anti-Crime Sales Tax- Non Departmental		4,869.00
045-4500 Assessment- Non Departmental		4,470.00
	\$	<u>33,945.00</u>

This action caused \$4,869 to be charged to COMBAT funds for a vehicle which was outside of the mission or purpose of COMBAT.

The County Legislators made a decision to move the administration of COMBAT back under the County Prosecutor’s Office in December 2017.

² Ordinance 2490 Adopted January 28, 2008

³ In January 2018, Mr. Sanders and his former Chief of Staff, Calvin Williford, pled guilty to conspiracy to commit wire fraud after having been accused of participating in the conspiracy to embezzle and misappropriate campaign funds for their personal use.

⁴ Purchase Order BL-1404-02111

Removal of County Executive as COMBAT Administrator:

When the County Legislature decided to move the administration of COMBAT back to the Prosecutor's Office, so began a chain of contentious events which resulted in multiple lawsuits.

- On December 11, 2017, an ordinance passed replacing Sections 9305 and 9306 with two new sections. Most notably, the new section 9306 "COMBAT Administration" became under the day-to-day supervision of the Prosecuting Attorney.
- On December 21, 2017, the County Executive filed a veto of the ordinance. Attached to the "Veto Message from the County Executive" was a memorandum by Graves Garrett, LLC concluding that the ordinance passed was not lawful.
- On December 28, 2017, the County Legislature voted to override the County Executive's veto.
- On January 16, 2018, the County Legislators filed a writ of prohibition in the 16th Circuit Court of Jackson County for enforcement of the ordinance that transferred control of COMBAT. Within this filing, it noted:
 - o The County Executive refused to relinquish control over COMBAT
 - o The County Executive directed employees within COMBAT tax office to report to the Executive's Office as opposed to the Prosecuting Attorney
 - o The County Executive expended COMBAT funds without the Prosecuting Attorney's consultation or approval
 - o The County Executive placed the County's Deputy Finance Director on leave when he refused to disburse COMBAT funds to pay County employees without the Prosecuting Attorney's authorization and for County employees who were not involved in the mission of COMBAT
- On January 18, 2018, the Court entered a Preliminary Order in Prohibition to the County Executive, Chief of Staff and Chief Administrative Officer ordering them to refrain from exercising day-to-day supervision of the administration of the COMBAT tax.
- On February 15, 2018, a Temporary Order was filed where the County Executive, the County Prosecutor and the County reached agreeable terms for an interim period until the Circuit Court's ultimate resolution of the dispute. The agreement indicated (not an exhaustive list):
 - o COMBAT would report to the Prosecuting Attorney
 - o The County Executive could approve Requests for Legislative Action which involve COMBAT funds if recommended by the Prosecuting Attorney
 - o Weekly meetings would be conducted between the members of the County Executive's Office and Prosecuting Attorney's Office
- On August 31, 2018, the Circuit Court granted the County Legislature and Prosecuting Attorney's motion that the County Legislature was acting within its authority when it passed the December 11, 2017 ordinance transferring COMBAT Administration to the Prosecuting Attorney.
- In September 20, 2018, the County Executive filed an appeal of the judgement.
- On November 28, 2018, the Western District Court of Appeals sustained a motion for dismissal.

Other Legal Action Involving COMBAT

In addition to the above noted case, there are a number of legal cases involving COMBAT still ongoing.

- On February 27, 2019, the former Jackson County Deputy Director of Finance filed a suit against the County Executive, County Chief Administrative Officer, Former County Director of Finance, County Director of Human Resources, and Former Assistant County Counselor for unlawful employment practices and tortious conduct. The Deputy Director was put on suspension when he allegedly refused to disburse COMBAT funds without the approval of the Prosecuting Attorney and for purposes that were outside of COMBAT’s mission. On September 24, 2018, the Deputy Director received a “Notice of Discharge” and a separation date due to “budgetary layoff”. This case is still ongoing.

Overall Observations and Recommendations

Observation 1 – Sales Tax Revenues Under Budgeted

During the yearly budgeting process, COMBAT sales tax revenues are estimated. Per Finance, County Treasurer John Gordon prepares the projections, which are then reviewed by the Budget Officer, Finance Director, Chief Administrative Officer, and others in the County. We noted since 2001, the actual collections exceeded the budgeted amounts. Therefore, we researched the history of the budget to actual COMBAT sales tax revenues.

Year	Budgeted	Increase from PY	Actual	Over/Under Budgeted	Percent Over/Under	County Exeuctive
2008	21,067,000	2.5%	19,892,321	(1,174,679)	-5.6%	Sanders
2009	20,965,000	-0.5%	18,718,572	(2,246,428)	-10.7%	Sanders
2010	18,802,189	-10.3%	19,079,789	277,600	1.5%	Sanders
2011	18,328,592	-2.5%	20,291,204	1,962,612	10.7%	Sanders
2012	19,558,644	6.7%	20,362,559	803,915	4.1%	Sanders
2013	19,871,204	1.6%	20,633,168	761,964	3.8%	Sanders
2014	19,812,500	-0.3%	22,576,654	2,764,154	14.0%	Sanders
2015	20,600,000	4.0%	23,450,984	2,850,984	13.8%	Sanders
2016	22,608,500	9.8%	24,009,110	1,400,610	6.2%	White
2017	23,151,000	2.4%	24,434,817	1,283,817	5.5%	White
2018	23,614,000	2.0%	26,372,034	2,758,034	11.7%	White
2019	24,157,000	2.3%	<i>Current year</i>			White

For the 2016 budget year, which was prepared in 2015 under Sanders, there was a 9.8% budget increase in an attempt to better estimate the sales tax revenue. Under White, there have been nominal budget increases, continuing significant amounts over budget, up to 11.7% in 2018.

We inquired with Finance as to why, for example, 2017’s budget was set below 2015’s actual collections. Per Finance: “The Finance Department considers several economic factors such as the Kansas City GDP, the consumer price index, and year-to-date sales tax collections in order to forecast a growth percentage. This percentage is applied to the prior year’s sales tax budget in an effort to be conservative and prevent over spending. If sales tax revenue comes in higher than budgeted, then it can be appropriated in the following year’s budget.”

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However, we did not find that overages from prior years are appropriated in the following year's budget. For example, the \$1.28 million overage in 2017 was added to the fund balance amount in 2018, for which only \$131,946 went to appropriations set forth by COMBAT's approved funding model. The chart below details the fund balance budgeted to be spent in the 2018 year:

2018-Estimated Prior Years Fund Balance Spent in Budget	<u>\$ 3,442,608</u>
Additional appropriations	131,946
Non Departmental Anti-Drug Funds	778,267
Reserve	1,385,877
Allowance for Outside Agencies	185,000
COMBAT Administration	961,518
	<u>\$ 3,442,608</u>

As described in more detail later in this report, the amounts for "Non-Departmental Anti-Drug Funds", "Reserve" and "Allowance for Outside Agencies" were spent with no direct knowledge or permission of COMBAT management.^{5 6}

Per the 2019 Budget Book, the amount of "Audited Undesignated Fund Balance" began at \$8,873,389, of which \$3,442,608 was appropriated (spent) in the 2018 budget. The 2019 budget has a \$5,428,558 undesignated fund balance, of which \$3,897,677 is budgeted to be spent in the following ways:

2019-Estimated Prior Years Fund Balance S	<u>\$ 5,428,558</u>
Additional appropriations	928,199
Non Departmental Anti-Drug Funds	1,071,103
Contingency	725,610
Allowance for Outside Agencies	184,750
COMBAT Administration	958,015
	<u>\$ 3,867,677</u>
Undesignated Fund Balance (remaining)	<u>\$ 1,560,881</u>

If sales tax collections in 2019 are the same as in 2018, there will be an additional \$2.2 million in excess revenue. Added to the undesignated fund balance of \$1.56 million (above), there would be a \$3.76 million fund balance in FY20.

⁵ Per COMBAT management

⁶ An example of the funds spent from "Allowance for Outside Agencies" is a \$60,000 expenditure made in each year of the Scope Period, and which appears have been funded annually since 2008, and previous to 2008 at a lower amount. These funds went to the Southern Christian Leadership Conference of Greater Kansas City for their "Martin Luther King Celebration". COMBAT funded nearly half of the event, which included expenses for speakers, media promotion, venue rental, entertainment, food, administrative and more. The purpose of the celebration is to commemorate the life and legacy of Dr. Martin Luther King, Jr. The theme is "Defending Democracy, Making Peace and Advancing Justice". The event is not part of COMBAT's initiatives, and per management, would not have been funded if it had gone through COMBAT's grant approval process. COMBAT management did not approve of Anti-Crime funds being spent on this program.

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The fund balance is caused by under-budgeting of revenues. We have observed a pattern of Finance under-budgeting sales tax revenue, which appears to exceed the concept of “conservatism” with an average excess since 2015 of 10.2% each year. Consequently, the under-budgeting has created excess revenue that has been used by other County ds rather than being re-appropriated to COMBAT programs. We believe this is contrary to Resolution 10950.

Recommendation: We recommend that COMBAT management take over the estimation of sales tax revenue, then provide to Finance for the necessary approvals. All changes to the estimate provided by COMBAT should be approved by COMBAT management.

Recommendation: We recommend that Finance ensure that 100% of the prior year’s fund balance be budgeted for appropriations to the entities referenced in Resolution 10950.

Observation 2 – Connection of County Department Expenses to Sales Tax Intent:

The annual budget process allows County departments to quantify their respective Anti-Crime Tax percentage and line item budget how they plan to utilize the COMBAT funds. We observed that a significant portion of COMBAT funds were budgeted for salaries and related benefits. In addition, COMBAT funds were budgeted for operating expenses of the County departments, such as supplies, repairs and maintenance, building and improvements, equipment and for “other contractual services”.

Through our interviews and transaction testing, we observed an absence of effort to connect operating expenses back to the stated purpose of the Anti-Crime Tax or the mission of COMBAT. When we inquired about the apparent disconnect, we received two themes in response:

- The department does not have an understanding of which expenses are classified to COMBAT. Invoices are entered into Financial Management System (FMS), the County’s accounting system, and the County Budget Office decides which fund it should be charged against;⁷
- The County departments are given a budget of COMBAT funds for the year, and they are not required to get COMBAT’s approval as to how they spend their budget

While we can appreciate the County departments not wishing to seek “approval” by COMBAT for each expense, BKD believes that there should be an effort by the County departments to connect the use of the COMBAT funds to the stated purpose of the Anti-Crime Tax or the mission of COMBAT.

Recommendation: We recommend that a Memorandum of Understanding (MOU) be put in place between COMBAT and each County department that receives a percentage of the Anti-Crime Tax. The MOU should renew upon each renewal of the Anti-Crime Tax by the voters. BKD suggests that the MOU include:

- Stated purpose of the Anti-Crime Tax and COMBAT’s mission
- How the operations of the County department fit within COMBAT’s purpose and mission

⁷ When we inquired to the Budget Office about coding expenditures to the 008 fund, Budget indicated that what we had been told was incorrect. The 008 fund is classified upon entry into the FMS system, and Budget does not make the classification decisions on behalf of County departments. It is concerning that there are County departments that do not understand this process.

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- List the employee positions that are eligible to be covered, partially or fully, by the Anti-Crime Tax
- List the operating expenses that are eligible to be covered by the Anti-Crime Tax
 - o This should be more specific than account categories, such as “other contractual services”. For example, drug testing, (program name) expenses, parking for victims, etc.
- County department agrees to provide quarterly reports to COMBAT regarding how the funds are being spent and the resulting accomplishments made.
- County department agrees to an annual presentation to the COMBAT Commission, presenting a year in review, describing how funds were spent and the accomplishments made using the Anti-Crime Tax (See **Observation 3** below)
- Any additional Anti-Crime Tax funds used beyond the percentage assigned, such as for capital improvements, must be approved by COMBAT management before they are committed to be used (See **Observation 4** below)

We recognize that it will take time and effort to assemble these MOUs. However, we believe the benefit of having a “meeting of the minds”, and increased confidence regarding the use of the Anti-Crime Tax funds outweighs the investment of resources to create these documents.

Observation 3 – County Department Accomplishments

COMBAT is responsible for the distribution of the Anti-Crime Tax revenues. However, in reality, the COMBAT program is only directly involved with the funds that go to outside entities, not with the funding of County departments. Funding percentages for County departments were set by the Resolution 10950 on September 11, 1995 and are included in the County department’s annual budget. However, COMBAT should be able to communicate to the public the achievements made by the use of all of the Anti-Crime Tax (or “008 funds”). Historically it has not been COMBAT’s policy to oversee the County departments’ use of COMBAT funds. Thus, COMBAT had a limited understanding of what the County departments spent the 008 funds on, or any accomplishments or achievements made with the use of the funds.

Recommendation: We recommend that on a yearly basis, representatives from each of the County departments, individually, hold a one to two hour meeting with COMBAT management, followed by an abbreviated presentation to the COMBAT Commission. The County department could use their discretion on the format of the presentation, but in general, we suggest that the presentation include:

- Overview on how the 008 funds were spent
- Programs that were funded, and related success stories
 - o *i.e.*, We had xx number of participates go through our drug court program
- Positions that were funded and how those positions support the mission of COMBAT
- Operating expenses that were funded and how those operating expenses support the mission of COMBAT
 - o *i.e.*, Remediated the asbestos in the SVU area in order for SVU personnel to continue their work on sexually violent crimes
- Other accomplishes and achievements made using 008 funds

These meetings will allow COMBAT to be able to relay to stakeholders, Jackson County residents, other cities, the Legislature, and others the achievements made with the Anti-Crime Tax.

Observation 4 – Use of “Non-Departmental” Funds

Non-Departmental funds are the accumulation of actual tax revenues in excess of budgeted amounts from year to year. The County Executive had considered these funds “contingency funds” or “emergency funds” until the growing need for anti-violence programs prompted the need to set these funds aside for their reallocation. As previously stated, the percentages established in 1995 have not been updated since inception. Therefore, they do not specifically include a category for anti-violence. As such, COMBAT intended to use the Non-Departmental funds for anti-violence programs.

Our analysis found the use of 008 funds classified to Non-Departmental varied significantly from this intent. We found several capital improvement projects and various contracts had been paid out of the Non-Departmental funds, of which COMBAT management was unaware. For example, we identified approximately \$2,216,000 used by Corrections for the repair/replacement of the cell doors between 2016 and 2018. The use of these funds was above and beyond the 15% allocation that Corrections receives annually. We do not contend that properly working cell doors fall outside of the intent of the Anti-Crime Tax. However, no one in COMBAT management was alerted, allowed to provide input or approved of the funds being diverted from anti-violence programs for Corrections.

See Construction Projects Utilizing COMBAT Funds below for more analysis.

Recommendation: There was a 2019 Budget Adjustment of \$700,000 for anti-violence programs, moving funds from account 9999-2810 Undesignated Fund Balance to account 4402-56005 Community Crime Prevention. We agree with this movement of budgeted funds for anti-violence programs, but note that this initiative is separate from Community Crime Prevention. In order for COMBAT to continue to allocate funds specifically for anti-violence, we recommend that COMBAT formalize an anti-violence program by updating the percentages in a new funding resolution for legislative approval.

Recommendation: We understand the County Executive is concerned with need for emergency funds or reserves. However, we recommend that COMBAT minimize the amount left in Non-Departmental line item. As identified with the Correction’s use of 008 funds for cell doors, when funds are needed for an emergency, the County is able to identify and use funds from other departments. Therefore, we see little need for a reserve operation fund; rather, COMBAT should maximize program funds in direct support of its mission.

Recommendation: When capital improvement projects require Anti-Crime Tax funds beyond a County department’s yearly allocation, approval should be received from COMBAT management *before* 008 funds are committed. We recommend County departments obtain written approval from COMBAT before the contract is signed or the project receives approval by the legislature. This will allow COMBAT management to discuss the status of their current budget, discuss the applicability of the proposed use to the purpose of the Anti-Crime Tax, and be able to make internal adjustments to programs as needed. As suggested in Observation 2, this policy should be included in the MOU.

Recommendation: We recommend that COMBAT work with Finance to create a report from the FMS system that would allow COMBAT management to monitor activity within the 008 Non-

Departmental line item. COMBAT should closely monitor the use of such funds on a monthly basis, and make inquiries into the use of funds as appropriate.

Additional recommendations are made for management's consideration throughout the body of this report.

Procedures

General Procedures

BKD held a kickoff meeting with COMBAT stakeholders on January 10, 2019, where we discussed the plan for the project, goals, and general timeline.

Request lists were sent out in February, and fieldwork commenced on March 25, 2019. When questions were identified, we followed up with Vince Ortega and Carol Lillis from COMBAT, Bob Cruisinger and Cheryl Colter of Finance, Danny Cummings of Drug Task Force, Angie Jeffries of Communication Department, Jamie Master of the County Executive's Office, Roy Fairchild of Family Court, and Gina Robinson of the Prosecutor's Office.

Analysis of Policies

We obtained and analyzed written policies and procedures that govern the management of COMBAT. The "COMBAT Draft Office Procedures" provided appeared to be last updated in 2010. We noted there were several instances in the policies and procedures where the wording was vague or incomplete. For instance, many procedures noted that COMBAT staff would approve and/or review a transaction, program or event; however, no responsible COMBAT staff position was noted. There were also instances where a time period was given for something to be completed, such as within 30 days, but there was no indication of when the time period began. Such vagueness in policies can limit the accountability for their actual implementation.

Through our discussions with COMBAT staff and transaction testing, it appeared that not all policies and procedures listed were being followed and enforced. One such example related to the submission of monthly expense reports by the agencies and payment of these expenses. The policy states "Expense reports are due in the COMBAT office by the 20th of each month for the prior month's expenses. Only one-month's expenses may be included per expense report. The prior expense reports must be received and approved before the next payment can be processed." As noted in the *Payments to Contractors* below, there were several instances where multiple months of expenses were being submitted and reimbursed simultaneously.

We also noted incomplete policy sections, for which the only information was a heading placeholder with no associated narrative.

Recommendation: With the recent change in Director and new Assistant Director of COMBAT, now is an ideal time to redesign the accounting portion and complete remaining office procedures. During the process of updating the existing policies and procedures, we recommend that COMBAT management analyze the actual "practices" that are taking place, and determine if those practices should be policy, or if modifications should be made.

Interviews

BKD discussed the use of Anti-Crime Tax with key individuals throughout the County. The individuals from the County departments were identified by Finance. These discussions allowed us to further understand COMBAT operations, how the County departments interact, areas that are going well, and areas for improvement. These interviews were held with the following individuals:

- Vince Ortega, Director of COMBAT
- Dawna Shumate, Deputy Director, COMBAT
- Carol Lillis, Office Manager, COMBAT
- Tammie Jordon, Program Manager, COMBAT
- Cynthia Freeman, Circuit Court
- Deloris Wells,⁸ Corrections
- Gina Robinson, Prosecutor's Office
- Dan Cummings, Drug Task Force
- Roy Fairchild, Family Court
- Mark Lang, Budget Officer

Data Analytics

BKD obtained the vendor master file, employee master file, the accounts payable (AP) detail file and the purchasing card detail for the County, specifying COMBAT funds (008 funds) where possible. Using this data, BKD performed the following data analysis:

- Vendors with PO boxes
- Recurring payments on the same day of the month
- Transactions in round thousand dollar amounts
- Payments made on holidays
- Payments made on weekends
- Digital frequency analysis - line item amount
- Digital frequency analysis - check amount
- Vendors missing critical attributes
- Employees with PO boxes
- Employee - vendor name matching
- Employee - vendor relationship analysis, based on attributes other than name
- Vendor - mailbox service address matching
- Vendor trending
- Transactions in AP detail that were not in vendor master file
- Credit card transactions in \$25 increment amounts
- Credit card transaction description summary

Results of Data Analytics

We analyzed the provided data to identify patterns potentially indicative of irregularities, errors or fraud, commonly known as “red flags”. Red flagged transactions are not necessarily improper, they are simply higher risk than other transactions. Manual examination of

⁸ Laura Scott was initially recommended to us by Finance to speak with, but she no longer was employed by the County. Finance then suggested we speak with Deloris Wells

transactions flagged by data analytics is required to determine the propriety of the transactions. Using the results of these analyses, we proceeded with transaction testing.

Transaction Testing – Data Analytics

Based on the results of our data analytics, we selected 68 transactions for testing. We requested supporting document for each transition, which typically came in the form of a check copy, screen shots from the FMS accounting system, and either a contract, purchase order or receipt. In order to fulfill the agreed upon objectives, we performed the following procedures:

- Analyzed the documents to ensure that payments were supported with sufficient and appropriate documents
- Inspected supporting documents to ensure the expenses were reasonable business expenses
- Considered if the expenses align with the purpose of the Anti-Crime Tax and COMBAT’s mission
- Performed procedures to ensure the expenses were paid in compliance with the COMBAT program policy or guidelines
- Analyzed documents to ensure proper authorization and approval of payments

In general, we found the supporting documents appeared sufficient and appropriate, the payments were authorized by the responsible officials, the payments complied with COMBAT’s policy and guidelines, and expenses were appropriate business expenses. However, we noted some exceptions as a result of the agreed upon procedures performed.

- We noted three instances where the County did not maintain sufficient supporting documentation:
 - a) The COMBAT Administrative Services Department did not maintain attendance or sign-in sheets to support the payment in the amount of \$1,215 made for Hy-Vee catering services for the conference held at Carpenters Union on September 28, 2016.
 - b) We noted two instances where the COMBAT Administrative Services Department did not obtain monthly reimbursement requests and program reports as required by the contract agreements with the agencies.
 - a. Ellis Care’s contract for January 1, 2018 through December 31, 2018. The contractor received payments August 2, 2018 for \$18,750 and January 10, 2019 for \$56,250 for the expenses incurred between April and December 2018.
 - b. KC Friends of Alvin Ailey for the period March 1, 2018 through February 28, 2019. The contractor was paid \$8,000 for the expenses incurred between September and December 2018.

Recommendation: As required by COMBAT policy, we recommend obtaining “original invoices and other supporting detail to the request”, to sufficiently support the expenses before payment.

Transaction Testing – Subjective Selections

In addition to our data analytics, we analyzed the general ledger and the financial information provided. Based on our analysis, we selectively chose an additional 51 transactions for testing. We requested supporting document for each transaction, which typically came in the form of a check copy, screen shots from the FMS accounting system, and either a contract, purchase order or receipt. In order to fulfill the agreed-upon objectives, we performed the following procedures:

- Analyzed the documents to ensure that payments were supported with sufficient and appropriate documentation
- Inspected supporting documents to ensure the expenses were reasonable business expenses
- Considered if the expenses align with the purpose of the Anti-Crime Tax and COMBAT's mission
- Performed procedures to ensure the expenses were paid in compliance with the COMBAT program policy or guidelines
- Analyzed documents to ensure proper authorization and approval of payments

We concluded that the payments were authorized by the responsible County officials, the County had sufficient and appropriate supporting documentation, the payments complied with the COMBAT program's policy, and appeared to be legitimate business expenses incurred under the normal course of the business operations. However, we noted the following exceptions:

- We noted three instances where the County did not maintain sufficient supporting documentation
 - a) A Hobby Lobby receipt totaling \$743.22 for 96 items submitted to Finance Department only had the very bottom portion of the receipt, itemizing \$129.87 of the total. The expense was approved the accounting manager at Family Court. Per discussion with Finance, these items were for frames and certificates for those who graduate from an anti-drug program.
 - b) Parking expenses for the COMBAT program's award dinner held on October 10, 2017 in the amount of \$700 were not supported with a vendor's invoice or cash receipt, only an email quote provided by the Director of Communications
 - c) Resolution #19799 dated March 26, 2018, was for a feasibility and master plan effort for Jackson County Criminal Justice System with engineers Shive-Hattery, architectural firm HOK, and crime justice consulting firm, CGL. The resolution stated the consultants were to provide a monthly billing along with the progress report. We noted payment in the amount of \$34,654.27 paid on August 16, 2018, which was nearly all of the 008 funds designated to the project, was not supported by sufficient supporting documentation, such as progress billings that indicated the number of hours and the rate of pay.
- During our analysis of the supporting documentation we noted one instance where COMBAT funds were paid outside of policy.
 - a) The Family Court used COMBAT program fund to pay for Crisis Intervention Fund expenses in the amount of \$500 on August 17, 2016. Per our discussion with Family Court personnel, we learned that the intent was to handle an emergency, then correcting the charge back to the Missouri Crisis Grant as soon as the funding for the year came through. We were able to verify that these funds were

reimbursed to COMBAT's program fund. Although there was no effect on COMBAT program expense, this was an exception to the program policy.

- We found an instance where expenses were misclassified to the wrong expense line in the accounting system
 - a) As part of the Anti-Drug program, the Family Court conducts various social activities. The youth who participate in these programs may earn incentives, which may include entertainment and other prosocial activities. On July 13, 2016, the Family Court conducted a prosocial activity. We noted expenses of \$203.40 related to this activity were erroneously recorded in the "Other Operating Supplies" account rather than in the "Other Professional Services" account.
- We found an instance where program funds were misclassified to the wrong program in the accounting system.
 - a) On February 2, 2017, the Department of Corrections purchased security supplies in the amount of \$31,247. The expense was requested by an Office Administrator on December 29, 2016. The expense was recorded in the "Non- Departmental Anti-Drug" fund account instead of Department of Correction's fund accounts, causing this expense to be paid for in addition to the 15% allocated to Corrections. Per Finance, this was an error. As a result, Corrections effectively overspent their allocated amount.
- We found two instances where the vendor or department was misidentified in the accounting system.
 - a) On April 24, 2017, the Department of Corrections purchased 152 Hot Pots from Focus Products Group International, LLC for \$2,546. It appeared that the County did not maintain accurate vendor information in the FMS accounting system, as the vendor name in the FMS system was West Bend Houseware, LLC. This could affect the issuing of form 1099 by the County at the end of the year.
 - b) Pursuant to the agreement or resolution #19441, Finance Department made payment in the amount of \$15,000 on June 22, 2017 for "Group Violence Intervention Support" on behalf of the Prosecuting Attorney's Office. However, incorrect coding information was entered in FMS charging the expense to the Prosecuting Attorney's Office, but showing a shipping address of the Department of Corrections.

BKD notes that while our selections were relatively evenly disbursed through our scope period, all the exceptions in this area occurred while COMBAT was under the authority of the County Executive's Office.

Recommendation: We recommend that COMBAT update their policy to specifically address the appropriateness and approval process for County departments "borrowing" funds.

Recommendation: We recommend that management consider procedures to properly analyze transactions recorded to the 008 fund in FMS, looking for spending by County departments over their allocated percentage, accuracy of vendor names, shipping information, and other important attributes.

Benefits Paid by Anti-Drug Funds

Various benefits are paid to certain employees, which include a bi-weekly car allowance, a monthly car allowance, gas, use of county vehicles, and a monthly phone allowance. We

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requested and were provided a listing of all benefits that were paid from 008 funds during our scope period. During our scope period, the following benefits were paid:

Type	Current Department Code	Title	2016	2017	2018
Car Allowance	1001-County Executive	Chief of Health Services	\$ 315.30	\$ 630.60	\$ 52.55
Car Allowance	1001-County Executive	Chief of Staff	222.33	-	-
FMV-Use	1001-County Executive	Chief of Staff	334.56	655.12	16.82
Gas	1001-County Executive	Chief of Staff	29.04	60.88	1.45
Phone Allowance	1001-County Executive	Chief of Staff	44.17	50.80	-
Car Allowance	1001-County Executive	Executive Assistant	43.53	-	-
Car Allowance	1001-County Executive	Executive Assistant	-	60.00	20.00
Phone Allowance	1001-County Executive	Executive Assistant	-	33.00	-
Phone Allowance	1001-County Executive	Executive Assistant	6.38	-	-
Car Allowance	1221-Office of Communications	Communications Liaison	3,060.20	2,118.60	-
Car Allowance	1605-Park Safety and Interpretation	Director of Corrections (Now Chief of Park Safety)	8,800.00	9,600.00	-
Phone Allowance	1605-Park Safety and Interpretation	Director of Corrections (Now Chief of Park Safety)	660.00	55.00	-
Car Allowance	2701-Corrections Department	Director of Corrections	-	-	5,000.00
Phone Allowance	2701-Corrections Department	Manager of Detention Operations	-	247.50	137.50
Car Allowance	4101-Prosecuting Attorney	Chief of Operations	1,034.50	996.00	1,543.80
Phone Allowance	4101-Prosecuting Attorney	Chief of Operations	113.36	109.56	109.56
Car Allowance	4101-Prosecuting Attorney	Director of Communications	2,760.00	2,760.00	2,760.00
Phone Allowance	4101-Prosecuting Attorney	Director of Communications	303.60	303.60	303.60
Phone Allowance	4151-JC Drug Task Force	Deputy Sheriff	-	-	25.00
Phone Allowance	4201-Sheriff	Deputy Sheriff	143.25	173.22	137.12
Car Allowance	4401-COMBAT Administration	Director	5,200.00	3,600.00	-
Car Allowance	4401-COMBAT Administration	Director	-	3,450.00	3,900.00
Car Allowance	4401-COMBAT Administration	Program Administrator	4,200.00	2,900.00	-
Car Allowance	4401-COMBAT Administration	Program Administrator	25.00	-	-
Car Allowance	4401-COMBAT Administration	Program Manager	-	2,200.00	2,600.00
Car Allowance	9301-Legislative Auditor	Assistant Auditor	3,299.92	253.84	-
Car Allowance	9301-Legislative Auditor	Assistant Auditor	134.94	134.94	134.94
Car Allowance	9301-Legislative Auditor	Chief Deputy Auditor	-	1,649.96	3,299.92
Car Allowance	9301-Legislative Auditor	County Auditor	1,395.94	2,207.92	2,207.92
Phone Allowance	9301-Legislative Auditor	County Auditor	151.80	50.60	-
Car Allowance	9301-Legislative Auditor	Legislative Aid	204.10	204.10	204.10
			<u>\$ 32,481.92</u>	<u>\$ 34,505.24</u>	<u>\$ 22,454.28</u>

We observed that since oversight of COMBAT has been transferred to the Prosecuting Attorney, benefits paid using COMBAT funds decreased by 35%.

We made a subjective selection of 12 benefit payments during the scope period. From our testing, we found support came from the “Employee Change Authorization Form” and/or a “Personnel Requisition Form”. The benefit paid followed the percentage allocation of the salary. For example, if an individual was paid 20% from fund 008, then 20% of their benefit was paid from fund 008. Our findings on these benefits mirrored those related to Payroll. (See *Payments*

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to *Employees from Other Departments* section for our comments regarding the appropriateness of the payroll allocation.)

In addition, BKD analyzed the general ledger for transactions that appeared to be benefits payments, such as pension payments, payments to cell phone carriers and parking. We subjectively selected 10 additional transactions for testing. We requested supporting documentation for each transaction, which typically came in the form of a check and invoice and/or bill. We analyzed the supporting documentation for the following:

- Did the transaction have sufficient supporting documentation
- Did the expense align with the purpose of the Anti-Crime Tax and COMBAT's mission
- Was the expense paid out of the appropriate department's funding
- Was there proper approval for payment

In general, we found that the supporting documentation was satisfactory. However, we noted the following:

- Multiple instances where the "approval" for an expense was documented only by the coding of the use of funds by the County department receiving the invoice, typically written on the invoice. There was no indication of who approved the invoice or the coding for the use of 008 funds.

Recommendation: We recommend that COMBAT monitor the use of COMBAT funds by County department's to identify if/when the County departments exceed their allocation. If that situation arises, COMBAT should work with Finance and the Budget Office to identify and suggest reclassifications for the use of 008 funds.

Payments to Contractors

BKD used the County's general ledger detail to identify payments made on contracts with 008 funds. We subjectively selected 21 transactions that involved a contract for testing. We requested supporting documentation for each transaction, which came from both Finance and COMBAT. Finance provided a copy of the check, contract/agreement, monthly expense report, agency Excel spreadsheet, form 301, and invoice (if available). COMBAT provided form 350, budget, invoice(s), payroll detail and receipt(s).

BKD noted form 301 is completed by the organization and categorizes the expenses submitted for reimbursement into salary/contract labor, fringe benefits, program operating expense, and indirect administration. Form 350 is completed by the County department and lists out each expense on a separate line item, giving a description of what was purchased and categorizes each amount into one of the categories previously listed. Each expense listed on form 350 should be accompanied by an invoice, receipt or payroll detail.

We analyzed the supporting documentation for the following:

- Did the check number, date, amount, and vendor listed in the detail match the check copy
- Was the Monthly Expense Report accurate
 - a) Did the original contract amount match the amount listed in the contract/agreement

- b) Did the previous payment amount match the amounts previously paid on the agency Excel spreadsheet
- c) Did the amount of this payment match the amount of the check issued and the agency Excel spreadsheet
- Did the expenses listed on forms 301 and 350 match the monthly expenses on the agency Excel spreadsheet
- Did the expenses align with the purpose of the Anti-Crime Tax and COMBAT's mission
- Were the expenses submitted for reimbursement appropriate and reasonable per the contract/agreement
- Was there proper approval

In general, we found that the supporting documentation was sufficient. However we noted the following:

- Per review of the contracts/agreements, monthly expense reports were to be submitted to COMBAT by the 20th of the following month and monthly payments equal to the lesser of a percentage of the contract amount or expenses year to date would be paid each month. BKD noted multiple instances where the terms of the contract/agreement were not being adhered to and expenses for several months were being submitted and paid at one time.
- Through our discussions and interviews with COMBAT personnel, it appeared that when the monthly expense report was being documented as "approved", that indicated that the monthly expense report was "received". The approver was not matching the monthly expense report to the receipts/invoices/payroll detail and other forms submitted, nor considering if the expense was allowed per the contract. There was also no formal documentation of the review and approval of the expenses submitted. Indication of a review was merely markings made next to expenses indicating they were allowed or an email to the organization stating which expenses were not allowed.
- One instance where there was no indication how the allocation of payment split between four accounts was determined

Recommendation: We recommend that COMBAT management consider redefining what the "approval" indicates on the monthly expense report. Best practices would indicate that approval is made by the individual agreeing that the expenses are proper, in accordance with the contract, and there are enough funds left on the contract to allow for the payment.

Recommendation: We recommend that COMBAT management consider implementing a formal process for receipt and review/approval of the monthly expense report, form 301, form 350, and receipts/invoices/payroll detail, such as a sign-off sheet that is attached to the monthly expense report once it is received and sent on for review and approval.

Recommendation: We recommend that COMBAT management consider implementing a policy where the current month's expenses will not be paid until past month's expense reports have been submitted and paid, as per the contract. This could also include a follow-up procedure with the agencies who have not submitted their expense reports.

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Recommendation: We recommend that COMBAT management consider creating a document that details specific expenses that are allowable to be submitted for reimbursement for each contract, update the document for any changes that are pertinent to that contract and include the document with the contract that goes to through the Legislature for approval.

Recommendation: We recommend that when multiple funds are being utilized to reimburse expenses, there be documentation to show which expenses, or portion of expenses, are being paid from each fund.

Payments to Employees from Other Departments

We requested and received a listing of all County employees who were paid from 008 funds during our scope period. From this information we noted, and summarized in the chart below, payroll paid to County departments which did not intuitively appear to be directly related to the mission of COMBAT.

Department	2016	2017	2018
1001-County Executive	\$ 35,088.42	\$ 25,843.64	\$ 3,105.37
1210-Fac Mgmt - Detention Center	-	98,303.36	50,461.98
1221-Office of Communications	36,023.31	25,386.50	502.08
1305-Information Technology	23,717.15	29,030.48	28,650.57
1404-Finance Department	58,270.17	39,734.00	19,474.80
1605-Park Safety and Interpretation	115,818.00	123,493.40	7,780.16
9301-Legislative Auditor	113,107.38	102,507.48	121,053.15
	<u>\$ 382,024.43</u>	<u>\$ 444,298.86</u>	<u>\$ 231,028.11</u>

From the analysis above, we observed that in 2018, payroll charged to COMBAT decreased by 45%.

We submitted to Finance a request for 60 employees who appeared to be partially funded by Fund 08. We requested documentation approving the partial funding. We received some pushback from Finance with concerns regarding the volume of information requested and the time required to provide the information. Seeing no alternative, we reduced our selection to 10 employees.

Along with the 12 payroll benefits from the *Benefits Paid by Anti-Drug Funds* section above, we analyzed the supporting documentation for the following:

- Did the department the individual was employed by fall into one of the categories to which 008 funds were allocated?
 - a) Drug Treatment, Drug Prevention, DARE, KC Police, Jackson County Drug Task Force, Prosecutor's Office, Drug Court, Grant Match, Circuit Court, and Corrections
- Did the job title and duties of the individual relate to promoting the mission of COMBAT and the purpose of the Anti-Crime Tax?

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- Did the allowance amount paid out of 008 funds recalculate correctly based on the allocated percentage and monthly/bi-weekly amount as indicated in employee's personnel file? (Payroll Allowance transactions only)
- Were the payments properly approved?

An important data point in completing testing was who had the authority to approve the Employee Change Authorization (ECA) and Personnel Requisition forms. Through our discussions, we noted that there was not one set individual authorized to approve the ECA or Personnel Requisition forms. Generally the appointing authority, who could be the director or an individual higher up in the department, would be the approver of the Personnel Requisition form. However, we found that this was not always the case. The approver for the ECA ranged anywhere from an individual within the Budget Department to the director in the employee's department, but there were no guidelines as to who needed to approve for specific situations.

In general, we found that the supporting documentation contained all information needed to test the parameters listed above. Through our transaction testing we found the following:

- Multiple instances where the individual being paid did not have a job title and duties that appear to promote the mission of COMBAT and the purpose of the Anti-Crime Tax

Department	Job Title	2016	2017	2018
County Executive	Chief of Staff	\$ 23,298.98	\$ 10,244.91	\$ 227.88
County Executive	Assistant to the County Executive	852.19	2,456.46	385.44
County Executive	Chief of Health Services	6,079.82	13,142.27	1,627.85
County Executive	Director of Communications	-	-	158.68
County Executive	Marketing & Graphis Specialist	-	-	446.82
Legislative Auditor	Chief Deputy Auditor	72,758.48	62,530.40	78,941.93

As our request was limited by Finance, it is possible that other employees are being paid using COMBAT funds that do not promote the mission of COMBAT.

- No documentation to support why the payroll was split between two or more funds. For example, the County Executive's Chief of Staff's payroll was split in the following manner effective May 16, 2016:

101-1001	26.09%
002-1001	30.00%
002-1222	6.44%
004-1501	26.00%
008-4401	11.47%
	<u>100.00%</u>

There is nothing within the approval information indicating why 11.47% of the Chief of Staff's payroll is appropriate to allocate to COMBAT, or how 11.47% of his duties promote the mission of COMBAT.

- Although all supporting documentation included the required approvals, there was no approval needed or given by COMBAT.

Recommendation: We recommend that Finance receive written approval from COMBAT management for all employees who will be paid, fully or partially, from 008 funds before modifying the payroll system for the change.

Recommendation: We recommend that Finance provide COMBAT with a summary payroll report on a quarterly basis which lists the employee name, title, department and the allocation percentage of 008 funds that has been assigned.

Recommendation: We recommend that COMBAT management perform a proactive analysis of the payroll, now and on a periodic basis (*i.e.* twice a year), for all individuals being paid from 008 funds to determine if there are any individuals being paid who have a job title that does not promote the mission of COMBAT or the purpose of the Anti-Crime Tax and/or works for a department that does not receive an allocation of COMBAT's funds.

Recommendation: We recommend that COMBAT management consider implementing guidelines as to who should be approving the ECA and Personnel Requisition forms for 008 funds. COMBAT should have knowledge of which individuals have wages allocated to 008 funds.

Construction Projects Utilizing COMBAT Funds

Concerns had been raised regarding the use of COMBAT funds for capital improvement project unrelated to the intent of the Anti-Crime Tax and without COMBAT's knowledge. Specifically, COMBAT funds being used on the following construction projects:

- Constructing Futures
- Rock Island
- East Jackson County Courthouse and Truman Courthouse
- Renovation on County-owned facilities

We searched the County's legislation⁹ for Resolutions and/or Ordinance which encumbered 008 funds for the specifically named projects. We found no authorization of the use of COMBAT funds used for Rock Island¹⁰ and the Truman Courthouse¹¹ during our scope period.

Constructing Futures:

We did identify that the use of COMBAT funds was approved for Constructing Futures before and during our scope period. This program "entails remodeling long vacant houses, providing on-the-job training to members of the community who may be unskilled in a specific trade and/or have struggled with securing employment to do construction work."¹² Per resolution 19296 "Request for Legislative Action" dated October 24, 2016, the project had rehabilitated seven homes. Each resolution we identified stated that the job training is meant for citizens who

⁹ <https://jacksonco.legistar.com/Legislation.aspx>

¹⁰ Prior to our scope period, 2011 Resolution 17495 outlined an MOU with Kansas City Missouri where the County Committed to \$315,000, for which it did not specify funding source.

¹¹ Prior to our scope period, 2013 Resolutions 18268 and 18291 transferred \$362,688 and in Anti-Drug Sales Tax for the renovations

¹² <https://www.jacksongov.org/590/Jackson-County-Constructing-Futures-Prog>

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are recovering drug offenders and/or formally incarcerated and unskilled and underemployed individuals. The resolutions identified indicated the following COMBAT funds were applied to this project:

- Resolution 117729 (November 7, 2011) – \$20,000 of \$55,000
- Resolution 17797 (January 23, 2013) – \$20,000 of \$20,000
- Ordinance 4622 (May 9, 2014) – \$20,000 of \$65,000
- Resolution 18275 (October 14, 2013) – \$20,000 of \$20,000
- Resolution 18942 (September 28, 2015) – \$11,500 of \$76,650
- Resolution 18995 (November 9, 2015) – \$4,800 of \$5,650
- Resolution 19296 (October 24, 2016) – \$12,000 of \$108,750

BKD researched the County resolutions during our scope period, and selected supporting documentation for three items for testing. The supporting documentation was for the projects in their entirety, rather than for just the portion paid for COMBAT funds. Per County Finance’s policies, a RFP is required for contracts over \$25,000. We did not identify RFP’s that were considered with this project. It is also unknown if there were related parties involved with these agreements.

BKD noted that although the Legislature approved the resolutions and the funding, there was no signature of an individual from COMBAT on the contract to commit 008 funds. Per the Director of COMBAT, COMBAT management had no knowledge of this program, and did not approve COMBAT funds being used for this program.

The funds for Constructing Futures funds were inappropriately charged to the “4401- COMBAT Administration” budget line. This line item is for internal COMBAT administrative costs which are then allocated to the programs which COMBAT administers. Thus, this caused COMBAT programs to inadvertently fund the construction costs of a project that COMBAT did not approve of.

Renovations on County Owned Facilities:

Based on the detail provided for all payments made out of 008 funds, BKD subjectively selected 12 transactions that appeared to be capital improvements for testing. We requested supporting documentation for each transaction, which typically came in the form of a check, contract/agreement, purchase order and/or invoice. We analyzed the supporting documentation for the following:

- Did the transaction have sufficient supporting documentation?
- Did the expense align with the purpose of the Anti-Crime Tax and COMBAT’s mission?
- Was the expense paid out of the appropriate department’s funding?
- Was there proper approval for payment?

In general, we found that the supporting documentation existed; however, lacked evidence that the expenses were approved by the legislature. In addition, we noted the following:

- The ballot language of the Anti-Crime Tax leaves significant room for interpretation by County departments. However, there were multiple instances where the expense funded with COMBAT funds did not appear to be consistent with the intent of the Anti-Drug/Anti-Violence sales tax. Examples of this include:

- a) Funds spent on two Ford Transit vehicles for the Corrections Department (*addition to 15% allocation*)
 - b) Funds spent for elevator repair for the Corrections Department (*addition to 15% allocation*)
 - c) Funds spent in 2016 for a truck for the County Executive's Chief of Staff (*no allocation for this department*)
 - d) Funds spent on office furniture for the Prosecutor's Office (*within 9.5% allocation*)
 - e) Funds spent on hand readers for tracking time worked by employees for the Corrections Department (*within 15% allocation*)
 - f) Funds spent on updates to showers in the cell blocks at the Detention Center (*addition to 15% allocation*)
- The majority¹³ of the items selected used 008-5108 funds (Non Departmental-Anti Drug) for the capital improvement items. Therefore, these capital improvement expenditures extended spending beyond the County department's allocated percent of COMBAT funds. The population from which our selections were made did not indicate which department had utilized the Non-Departmental funds. However, our selections from the Non-Department account were concentrated in the Corrections Department, and totaled \$754,097.35. We noted that on the approval documents, there was no one associated with COMBAT listed, nor evidence that the expenditure was approved by the legislature. Per our conversation with COMBAT personnel, they were unaware and did not authorize Anti-Crime Tax to be used on these capital improvement projects.
- a) Department of Corrections – \$754,097.35
 - Cell door renovation (see below for further information)
 - Chain link fence
 - Updates to windows
 - Vans
 - Elevator repair
 - Hand reader
- Multiple instances where there was no indication how the allocation of payment to be split between accounts was determined. For example, there was a \$25,650 check to Connections to Success on December 10, 2015 for part of the Constructing Futures project. Of this amount, \$7,695 was taken from the 008 funds. However, there was no indication in the contract or supporting documentation to support the allocation of that amount.

Corrections Cell Door Renovation

Our analysis indicates that \$2,126,271 of Non-Departmental funds were used for cell door renovations by Corrections during our scope period, above and beyond the 15% of COMBAT funds allocated to Corrections. Per our discussions with Corrections, they indicated that they let the County know what they need (*i.e.* new cell doors), and the County finds the funds to pay for it. Per Corrections, they were unaware which fund (such as 008) was used to fund this project.

¹³ Nine of 12 items selected for testing

Recommendation: Amended in December 2018, Chapter 93 Section 04 relating to the Anti-Crime Sales tax states that capital improvements type expenses cannot be expended outside of funds specifically authorized in the County’s annual budget. However, given the historical use of specifically Non-Departmental funds without COMBAT’s knowledge, we recommend that before Non-Departmental funds are spent for *any* purpose, Finance should require a memorandum, contract, or document some type of approval linkage to the intent of the Anti-Crime Tax, with the documented approval from COMBAT for the use of those funds.

Best Practices

County Programs

As noted previously, tax funds from the Anti-Crime Tax are not allocated by COMBAT for all the county programs and outside entities. As part of the process to obtain funds, these agencies are given the allocated percentages that were identified in 1995 as part of the initiating resolution that was passed. However, the allocation is managed by Finance. COMBAT oversees only some of the allocation of funds and how those funds are spent. The areas that COMBAT manages include the Grant Match, Prevention and Treatment, which account for about 32.5% of the Anti-Crime Tax collected. The other departments/entities receiving funds are managed by Finance; these include Corrections, the Prosecutor’s Office the Drug and Circuit Courts, the Police Department, and the Eastern Jackson County Drug Task Force.

As the County’s Finance Department allocates the funds, COMBAT has very little insight into how the entities/departments outside of their purview are spending the funds. Chapter 93 of the County Code indicates the tax is “solely for the purpose of promoting and providing public safety within Jackson County, including the prevention and treatment of drug abuse and addiction and the prevention, investigation, prosecution, and detention of violent criminals and drug dealers.” As indicated in Observations 1 and 2, the lack of understanding of how the funds are spent does not allow COMBAT to assess the overall effectiveness of the various programs and whether they are meeting the overall intent of the tax.

There has not been a comprehensive approach assessing programs and how they can work together to help the County. Through discussions with the COMBAT Director, he indicated that the goal of his department, in addition to funding the existing prevention and treatment programs, is to incorporate a comprehensive approach to anti-drugs and anti-violence programs in identified hotspots within the jurisdiction of COMBAT. This would include evaluating the existing structures and having County departments and entities work together to share information in order to develop and provide more effective programs to assist in supporting the promotion of the program and to provide public safety.

Recommendation: Chapter 93 on the Anti-Crime Tax indicates that the administration of the COMBAT tax and the COMBAT Commission shall be under the day-to-day supervision of the Prosecuting Attorney. The Prosecuting Attorney is responsible for the selection of the COMBAT Director/Administrator. We noted that given the current structure of COMBAT, there is not sufficient support to oversee all of the COMBAT tax funds and the allocation of those funds. To effectively execute their responsibilities to the tax payers, the COMBAT Director and the

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Prosecuting Attorney should be informed as to how the funds are being used, the success of the various programs and the development of other programs.

Grant Program Applications

Through inquiry and analysis of existing process documents we obtained an understanding of the process for grant applications and monitoring. COMBAT monitors and grants funding to outside agencies that request funding for anti-drug and anti-violence prevention and treatment programs.

To start this process, COMBAT has to identify what kind of programs are needed and publicize the information online. Agency applications for COMBAT grant funding are sent to the County's Purchasing Department ("Purchasing").

There is an application process that agencies have to complete. As COMBAT uses County Finance as their paymaster, the current application process requires an agency to fill out not only the COMBAT application form, but also complete a formal procurement request form which includes several compliance items, including their most recent audit report and 501(c)(3) documents to satisfy County procurement requirements. However, we noted that in Chapter 10 of the County Code in 1030.7 that "competitive bids shall not be required when funds are appropriated and a contract for services is or will be awarded by resolution or ordinance of the County Legislature to an organization or agency which is exempt from federal income taxation." Most of the agencies obtaining funding and providing community services are tax exempt organizations. Therefore, it appears that COMBAT is complying with procurement requirements that may not be necessary, however, similar organizations follow the same type of application processes. (See "Jackson County Community Children' Fund" section below)

Once the applications are received by Purchasing, COMBAT engages various outside evaluators that assess the applications. For each application, two evaluators go through set criteria to determine if the agencies, and the programs they are planning on providing or are already providing, are an appropriate fit for COMBAT's specific program needs. Once the agencies have been evaluated, a recommendation is completed and then presented to the Legislature's Drug Commission for approval of funding.

Jackson County Community Children's Fund

The Jackson County Community Children's Fund (JCCCSF) which was created via Missouri statutes (RSMo 210.860-861 and RSMo 67.1775.1) in 2017. It calls for an eighth of a cent sales tax. The organization is currently setup to run their application process through the Greater Kansas City Community Foundation (GKCCF), which collects all required documentation including 501(c)(3) status, last audit report, tax clearance and license or accreditation documentation. The GKCCF assists JCCCSF in filtering the applications against eligibility standards. The JCCCSF then takes the applications and works with their board to approve funding. The JCCCSF Executive Director noted that they had polled their agencies and the agencies indicated that the application process was working well.

Although COMBAT and JCCCSF are very similar organizations, setup to do similar things, their processing of grant applications are different. Currently COMBAT is setup under the Jackson County procurement, where JCCCSF's grants are administered by GKCCCF. While the

requirements for applications appear to be relatively similar, the process for the County to process grant applications can take more than two months. This time frame hinders the organization's ability to be reactive to communities in need.

Recommendation: The County should consider whether it may makes sense for COMBAT to formally separate financial operations from the County. Utilizing a similar process as the JCCCSF, the County could collect the tax revenue, COMBAT could collect and approve grant applications, and then COMBAT would act as its own paymaster. COMBAT would have a better understanding and assurance that the tax revenue was being utilized as intended by the taxpayers, and the full amount of tax revenue would be utilized for COMBAT's mission. COMBAT would need to evaluate the additional resources needed to be the paymaster, including accounting personnel, equipment, training and technology.

Recommendation: If COMBAT decides to remain under Jackson County Purchasing, it is recommended that the County consider an approved agency listing. This listing would require agencies looking to receive tax funds of any kind to apply and submit required documents to be considered for the approved agency listing. The Purchasing group would perform their due diligence steps to validate that the agency meets the County's requirements for grant funding. The agency list should be evaluated and updated on an annual basis for agency's completing re-application forms, submitting updated audit reports and other relevant documentation. If the agency is on the approved list, they can complete the COMBAT application form for the various programs that COMBAT is looking for fill. This will allow COMBAT to verify status of the agency on the list and effectively identify agencies that can serve community needs quickly enough to be effective to the changing community environments while still managing and mitigating the risk of taxpayer funds going to inappropriate or unauthorized agencies.

Site Visits

When finalizing the application process and selecting agency programs to fund, the process can sometimes involve a site visit conducted by COMBAT to determine if this agency is a good candidate for funding. This is a good process, and we affirm COMBAT in continuing this practice and recommend some enhancements to the existing process.

Currently the Program Manager will go on-site for some site reviews. These site visits not only look at the facilities and the ease of access for clients, including whether the facility is near a bus line, it also takes into account the programs and sufficiency of the agency to facilitate the program. However, due to the limited resources COMBAT has for on-site visits, not all agencies are reviewed through site visits during the application process. Currently, if the Program Manager is able to make a site visit prior to funding, there is not a formalized memo indicating recommendation or findings related to that site visit, or information about this site visit that is shared with the reviewers, however this information may not be documented as part of the review. The reviewers can choose to take those observations into account or not.

Recommendation: Internally within COMBAT, site visits should be scheduled for all new agencies that COMBAT has not previously reviewed, and are not already part of the normal site visit rotation, for evaluation before approval for funding. This will require the additional

resources that COMBAT is already working on hiring to assist the Program Manager in the evaluation process.

Recommendation: Site visits for applying agencies/programs should be evaluated based on formal criteria to ensure they will meet COMBAT objectives. This includes the existing criteria, including location, facility appearance, program participation, etc. The criteria should be set so evaluations can be made consistently across these agencies to give the reviewers a sufficient sense of how these agencies should place in their evaluation. For example, if there is an applying agency located outside the community it would be serving, this should be taken into account when comparing an application for an agency within close proximity and easily accessible to the community it will serve.

Recommendation: The site visits of applying agencies/programs should be formally documented and a formal recommendation regarding funding should be made by COMBAT personnel. The memo should be incorporated into the application process and be part of the criteria that the evaluators incorporate into their scores. If the site visit results do not support funding, funding should only be approved following documentation of the reasons to override the site visit evaluation and should require the written approval of the COMBAT Director.

Grant Monitoring

Monitoring of grants awarded to agencies differs depending on the program. However, for all programs there is a monthly reporting process that takes place. This process includes requirements for the agency to report on the program's objectives, processes, and what activities were performed within the month to meet those objectives. Additionally, the agencies fill out a confidential client form for each new client that enters their program to identify race, birth year, gender, and other metrics such as whether they have ever witnessed or been the victim of violence, bullying, been convicted of a crime, and used illegal drugs. This information is completely confidential. COMBAT does not receive any participant names, full date of birth, or other identifying information. This is used strictly for informational purposes for COMBAT to understand the demographics of the individuals attending the programs of that agency. Annually, the agencies must complete a year-end report which asks them to evaluate whether they achieved their stated outcomes and where they are in meeting their objectives.

Monthly, the agencies submit their expenses. The expenses are reviewed for compliance with the stated requirements of the contract and are approved once it is validated that they have completed their monthly report.

A site visit is scheduled for agencies that appear to be underperforming, do not turn their monthly reports in timely, are not receiving new patients, or are presenting other red flags. This site visit includes, depending on the program, watching the program take place, observing clients' behavior, etc. If there are issues found during the site visits, COMBAT will try to work with the agencies on their programs and work to make improvements while continuing to fund them. In rare cases, the agencies will be defunded, most often due to a lack of follow-through on the recommendations made by COMBAT. Agencies may also be defunded if COMBAT

management believes they are not meeting the needs of the community sufficiently to receive the COMBAT tax.

Recommendation: Currently, COMBAT does not have sufficient staff to make site visits to all agencies throughout the year, the site visits really only take place for agencies that are showing red flags indicating that they may not be providing the services/programs they applied for, which includes not turning in timely reports and having low participation. In addition to the monthly reporting, we affirm and recommend additional resources be brought in to complete site visits to be able to evaluate the programs in person.

Recommendation: For site visits, there should be documented criteria for both treatment and prevention programs. By using set criteria, agencies can understand how they are being evaluated. Also, COMBAT can understand how the programs measure up against each other and communities may see enhanced programs. Some suggested criteria COMBAT should consider, noting that not all of this criteria will be applicable for all program types, based on criteria obtained in other similar program evaluations across the country would include:

- Treatment Programs (general)
 - Immediate and long term safety of clients, agency resources, and the local community
 - Sign of unhealthy/inappropriate content (*i.e.* beer cans, needles near recovery houses)
 - The sufficiency of counseling programs being offered
 - How the agency evaluates patient awareness (surveys, etc.)
 - Peer Support

- Treatment Programs (Recovery Houses specifically – from Substance Abuse and Mental Health Services Administration)
 - The sufficiency of counseling
 - Peer support
 - Availability of health and wellness programs
 - Availability of legal assistance
 - Availability of job and job readiness programs
 - Availability of education and vocational Skills
 - Availability of life and recovery skills
 - Sign of unhealthy/inappropriate content (*i.e.* beer cans, needles near recovery houses)
 - How the agency measures sense of belonging and purpose
 - How the agency evaluates patient readiness and comfort with current place (surveys, etc.)
 - Does the agency have appropriate emergency procedures established?
 - Does the program invest in training and technical assistance opportunities for recovery housing operators and staff?
 - Is the agency accredited and carry the appropriate certifications?

- Prevention Programs
 - Trained and qualified prevention workforce that is adequately staffed
 - Internal and External policies and procedures for programs and operations
 - Community outreach
 - Programs at appropriate age levels for the community
 - Availability of one-to-one mentoring
 - Training programs promote healthy, protective parent-child interactions
 - Programs targets adolescents with a high-risk of substance abuse and dependency issues
 - The program tracks outcomes and collects data to evaluate performance

Recommendation: One of the newer treatment agency types being funded are recovery houses. Recovery houses often house recovering addicts, some with a history of violence. It is important to not only keep the individuals living in neighboring homes safe, but also keep COMBAT staff safe. It is affirmed and recommended that language be added to contracts with recovery houses and any other treatment programs that provide similar services to similar demographics regarding safety requirements and plans for facilities to implement for patients and the community. Additionally, COMBAT should create an internal policy regarding on-site visits to recovery houses. Depending on the neighborhood crime, potential issues that may be known or for ease of mind, COMBAT staff should be able to obtain a police escort to visit facilities.

Recommendation: Expectmore.gov was developed by the U.S. Office of Management and Budget and other federal agencies. It performed a program assessment for Family Violence and Prevention Services which included specific data measures which can easily be applied for drug related programs as well. We recommended that COMBAT consider utilizing criteria when evaluating whether to renew existing funding and possibly include some of these measures in their initial application evaluations as well. The following criteria were identified as helpful performance measures:

Program Purpose and Design

- Is the program purpose clear
- Does the program address a specific and existing problem, interest or need
- Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort
- Is the program design free of major flaws that would limit the program's effectiveness or efficiency
- Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly

Strategic Planning

- Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program

- Does the program have ambitious targets and timeframes for its long-term measures
- Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals
- Does the program have baselines and ambitious targets for its annual measures
- Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program
- Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need
- Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget
- Has the program taken meaningful steps to correct its strategic planning deficiencies

Program Management

- Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance
- Are program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results
- Are funds obligated in a timely manner and spent for the intended purpose
- Does the program have procedures (*e.g.* competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution
- Does the program collaborate and coordinate effectively with related programs
- Does the program use strong financial management practices
- Has the program taken meaningful steps to address its management deficiencies
- Does the program have oversight practices that provide sufficient knowledge of grantee activities
- Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner

Program Results/Accountability

- Has the program demonstrated adequate progress in achieving its long-term performance goals
- Does the program (including program partners) achieve its annual performance goals

- Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year
- Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals
- Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results

Funding Model

We noted that the funding model currently used for the appropriation of Anti-Crime Tax collected is from 1995.

Recommendation: We recommended that on a regular basis the allocation be reviewed to determine whether it is appropriate, meets the County’s goals, and provides the right resources for the right members of the community with respect to the tax’s overall objective.

All funds collected for taxes require some sort of administration to ensure the proper use and to prevent fraud, misuse and abuse of said funds. Currently there are two types of administrative expenses that need to be allocated to the funds collected. The first type of administrative expenses is expenses incurred by COMBAT operations to allow them to perform their duties in allocating funds to agencies/programs. The second type is the administrative expenses incurred by the agencies/programs that are providing services to the communities of Jackson County.

Administrative Expenses (COMBAT Operations)

Currently, COMBAT only charges their administrative expenses to the portion of the tax that is allocated to their control. The allocated expenses are based on actual costs, salaries, and the office basics. As a best practice, minimal additional items should be included in administrative expenses; however typical expenses included are administrative salaries, commission fees, utilities, professional services (reviewers, legal, audit, etc.), insurance expenses, office supplies, office equipment, and subscriptions. Additional expenses that should be considered in the administrative expenses that COMBAT incurs include marketing, community outreach including costs of meetings, website administration, etc.

Recommendation: COMBAT should analyze their existing costs, take into account increases in costs related to trainings, marketing, salaries, and administrative costs and these costs should be taken off the top of the fund before they’re allocated to the various organizations/agencies. If the method identified is a percentage allocation, it should be evaluated annually to substantiate the appropriateness of the allocation. Through this analysis, COMBAT should define a clear method to provide support for administrative costs associated with the administration of the COMBAT tax. This should be allocated across all groups receiving COMBAT tax for their programs and not just the programs that are currently managed as COMBAT. COMBAT should have insight into how the Anti-Crime Tax is being spent by County departments in order to be able to report compliance with Chapter 93 requirements. The Prosecuting Attorney is responsible for the overall use of the Anti-Crime Tax and should be relying on internal resources to validate that funds are being appropriated as designed. This oversight is substantiation for the fee being applied to all groups, including County departments.

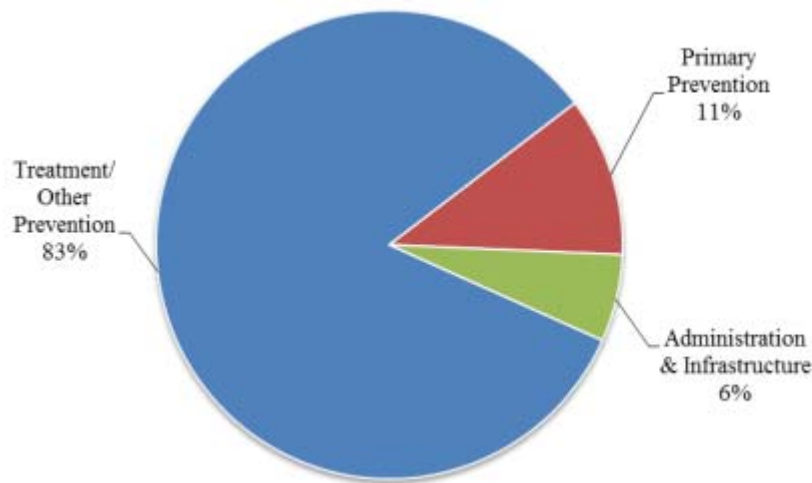
Administrative Expenses (Prevention, Treatment and Grant Match Operations)

Monthly, expense reports are submitted from the programs to COMBAT. Only one month's expenses may be included per expense report. The expense reports are evaluated for the appropriate forms, all receipts are appropriately included, tax has not been included, capital charges are not included, and the expenses are within the agencies budget as well as COMBAT guidelines. COMBAT guidelines are established by contract and dictate the total amounts for salaries, benefits, and indirect administration. Indirect administration is not specifically defined within the contracts. These types of costs generally include costs for financial, accounting, auditing, contracting or legal services, internal evaluations, insurance, utilities, etc.

SAMHSA Data

The Substance Abuse and Mental Health Services Administration (SAMHSA) is the agency within the U.S. Department of Health and Human Services that leads public health efforts to advance the behavioral health of the nation. SAMHSA's mission is to reduce the impact of substance abuse and mental illness on America's communities. They produced a report which integrates information from existing federal, state, and other data systems to allow readers to understand the financing of single state agencies for substance abuse services and state mental health agencies. The report measures expenditures for single state agencies for substance abuse services and state mental health agencies for each of the 50 states and the District of Columbia. For Fiscal Year 2014, as a whole, expenditures for infrastructure and administrative support activities (expenditures not spent on prevention or treatment) at single state agencies for substance abuse services and state mental health agencies was about six 6% of their total expenditures. Each state had different percentages for infrastructure and administrative support activities, some as low as 1% and some as much as 17%. Missouri's infrastructure and administrative support activities expense is at 3%.

How Single State Agencies Spend Budgets on Primary Prevention and Other Services



Source: Substance Abuse and Mental Health Services Administration: Funding and Characteristics of Single State Agencies for Substance Abuse Services and State Mental Health Agencies, 2015

CNCS Data

The Corporation for National and Community Service (CNCS) is a federal agency that leads service, volunteering, and grant making efforts in the U.S. The CNCS provides a policies and procedures handbook to assist programs with developing policies and procedures to ensure effective and efficient management of programs and organizations. This handbook includes a section on Administrative/Indirect Costs. The handbook recommends that a rate that should be applied against the total value of direct costs to provide a general guideline of the appropriateness of indirect costs. A large amount of indirect costs could be indicative of an issue with the program. The CNCS indicates that their indirect cost percentage is limited to 5% of direct costs. Additionally, they noted that the following aspects should be considered in creating an indirect costs policy:

- Indirect/Administrative costs should be defined in the policy both in general and specific to the organization. It is helpful to provide examples of both direct costs and indirect costs.
- The policy should detail the methods available to calculate allowable administrative costs.
- The policy should include limits for administrative or direct costs and allowable rates charged to various funding sources. The policy should also detail the calculation for indirect cost rates. The policy should include the factors to consider when determining the allowability of costs when calculating the indirect cost rate.
- The steps of the process for approval for an indirect cost rate should be detailed in the policy.
- Programs should evaluate the grants they receive and the rate at which indirect costs are charged to the grant.
- Figures used to calculate the indirect cost rate should be pulled from the audited financial statements.

Recommendation: As a best practice, indirect and direct costs that are acceptable should be clearly defined within COMBAT policies to assist in the validation that only appropriate costs are being reimbursed to programs.

Recommendation: COMBAT should consider developing an expectation as to the maximum administrative allowable for reimbursement. Research suggests between 3% and 6%, however, COMBAT needs to determine what makes the most sense for the goals of their grant recipients.

Exhibit 1

Engagement Letter Attachment
Jackson County COMBAT
Proposed Scope of Procedures
Dated December 12, 2018

The scope of procedures, as outlined below, shall be limited to the period of January 1, 2014 through December 31, 2017 (scope period), unless otherwise noted.

Our procedures may include, but may not necessarily be limited to the following:

1. Hold a kick-off call with COMBAT stakeholders for introductions, overview of BKD's plan, to further understand general concerns and goals of the project.
2. Obtain and analyze written policies or procedures that govern the management of the COMBAT program as well as the associated laws and regulations. In addition, obtain historical COMBAT audits, performance reviews or any other analysis that has been performed during the scope period.
3. Conduct interviews with identified COMBAT or county employees, as necessary, to develop an understanding of the operations and accounting process.
4. Obtain transactional level data from general ledger and credit card activity, if separate, for January 1, 2015 through December 31, 2018, and perform forensic data analytics on COMBAT funds in the areas of accounts payable, vendor master and employee master. Potential analysis may include, but not necessarily be limited to:
 - a. **Outlier analysis** – Identify invoice amounts with Z score exceeding +/- 2.00 (95% level) (statistical outlier) OR level selected by fraud examiner.
 - b. **Employee/vendor relationships** – Compare vendor master file attributes to employee master file attributes to identify employees and vendors with matching attributes such as, but not limited to, addresses and phone numbers.
 - c. **Vendor/vendor relationships** – Compare vendor master file attributes of different vendors to identify vendors with matching address, phone, names, etc.
 - d. **Date/Time Analysis** – Analysis of AP invoice processing activity or checks written:
 - i. On weekends
 - ii. On holidays
 - iii. In round thousand dollar increments

- e. **Address search and validation** – Identify vendors with no address, a P.O. Box or rural route address only, or an invalid address as compared to USPS database of valid addresses.
- f. **Purchase order/invoice analysis** – Identify missing or duplicate invoice numbers.
- g. **Gaps analysis** – Identify gaps in invoice and check numbering sequences.
- h. **Invoice duplicates** – Perform analysis for same invoice attributes occurring for same or different vendor ID to identify potential duplicate payments.
- i. **Invoice / check comparison** – Compare invoice amounts to check amount. Flag any discrepancies for further analysis.
- j. **Digital analysis** – Perform Digital Frequency Analysis (Benford’s Law) on payable amounts to identify nonconforming digits to flag for further analysis.
- k. **Time series analysis** – Analyze payable amounts by vendor over specified time period. Identify unusual patterns visually and through automated pattern recognition techniques and classify unusual activity by AP clerk or approver.
- l. **Vendor maintenance file changes** – Identify vendor master file changes by AP clerk. If date/time fields for changes are present, identify unusual dates or times of activity (weekends, holidays, after normal business hours).
- m. **Missing information** – Search for vendors with no tax ID number, phone number or contact name.
- n. **Vendor activity over time** – Identify vendors with no activity for the given period. If comparing multiple periods, identify vendors new to the current period or vendors with activity in prior periods but not in the current period.
- o. **Frequency analysis** – Identify vendor payments occurring on the same day each month for same amount.
- p. **Credit card analysis** – Identify credit card charges to high risk vendors, split transactions, transactions on weekends, holidays and shopping holidays, or unusual patterns in credit card activity

5. Based on the results of the data analytics, and management concerns, select a significant number (approximately 100) of financial transfers and:
 - a. Request and obtain, or gain access to, all supporting documentation
 - b. Analyze supporting documentation
 - c. Consider if the transfer and G/L classification meet COMBAT's Commission stated goals and mission
 - d. Identify usual payments, based on amount, payee, timing, supporting documentation
 - i. Document and report to management
6. Obtain a listing of the benefits paid by Anti-Drug monies.
 - a. Request and obtain, or gain access to, supporting documentation for the benefits paid
 - b. Analyze supporting documentation for the benefits paid (approximately 100)
 - c. Identify and report:
 - i. Unusual trends in benefit payments (per individual, per type of benefit, etc.)
 - ii. Benefits paid that look unusual
 - iii. Benefits lacking appropriate supporting documentation
7. Obtain a listing of employees (current and past) and contractors who were paid from COMBAT funds (could be identified through data analytic files) and relate that employee to the County Department who employs the individual, or the contractor.
 - a. Analyze payroll or payment information for the individual or contractor
 - b. (For Employees) Consider timesheets from both the COMBAT funds and the County Department to determine if appropriate funds were paid based on the documented division of work between the County and COMBAT.
 - c. (For Contractors) Analyze supporting documentation for all payments to determine that the appropriate amount of reimbursements were provided with COMBAT funds

8. Obtain a listing of expenditures and analyze transactions where COMBAT Funds were spent on:
 - a. Constructing Future
 - b. Rock Isle Corridor
 - c. Renovations for Independence Historic Courthouse
 - d. Renovations on County-owned facilities

Consider if supporting documentation appropriately supports the expenditure, if expenditure meets the COMBAT Commission's stated goals and mission.

9. Analyze the partner relationships between the County and the funds expended at the entities listed below.
 - Drug and Anti-Violence Prevention programs
 - Drug Treatment programs
 - Law Enforcement Based School Anti-Violence and Anti-Drug Prevention programs and initiatives (Formerly known as DARE)
 - Kansas City, Missouri, Police Department
 - Jackson County Drug Task Force
 - Prosecutors Office
 - Deferred Prosecution
 - Grant Match programs
 - Circuit Court
 - Corrections
- a. Evaluate the reporting from the entities on the use of COMBAT funds, considering:
 - i. Percent of administrative expenses to the total amount of funding provided

1. Administrative staff and operational costs, such as:
 - a. Office supplies
 - b. Meeting expenses
 - c. Travel expenses, etc.
 - b. Compare the spending of partners to overall Anti-Drug Sales Tax budget
 - c. Research best practices for administrative expenses
 - d. Identify inefficient or uneconomical practices, if any
 - e. Provide recommendations for improvements, which could include personnel, organizational structure, operations policies, budgeting, protocols, strategies
10. Assess best practices for processing grant applications and monitoring, specifically given the differences among County sales taxes and levies
- a. Provide recommendations for improvements
11. Assess best practices for a contingency, undesignated fund balance, or reserve operating funds based on forecasted revenues
- a. Provide recommendations for improvement
12. Provide management with a written report, which will include, but not necessarily be limited to:
- a. Results of our procedures
 - b. Key areas of risk
 - c. Best practices to address the risks
 - d. Best practices for ongoing procedures