

FRAUD HOTLINE REPORT:

Police Bureau put money that could have been used for other City priorities at risk when it failed to remedy concerns about grant funds



March 2020

SUMMARY

The Auditors Office found that the Police Bureau risked spending more than \$400,000 in General Fund money instead of federal grant funds because it did not heed warnings that the Sex Crimes Unit was out of compliance with grant requirements. Using General Funds when other money is available deprives their use for other City priorities that do not have alternative revenue sources.

The Bureau agreed to implement a process to monitor grant compliance and review options to seek reimbursement from the grant where appropriate.

TIP TO THE FRAUD HOTLINE

The Auditor's Office operates a Fraud Hotline to receive tips about suspected fraud, waste, and abuse of position.

An April 2019 tip alleged that:

- Employees in grant-funded positions performed work unrelated to the grant and submitted inaccurate timesheets;
- Management was aware of the problem but did not take steps to effectively investigate or remedy it.

INVESTIGATION REFERRAL AND FINDINGS

The Auditor's Office referred reports about irregular timekeeping for grant work in the Sex Crimes Unit to the Bureau's Internal Affairs Division for further investigation. The Bureau says that results from that investigation are not publicly available.

Unheeded warnings could cost the General Fund more than \$400,000.

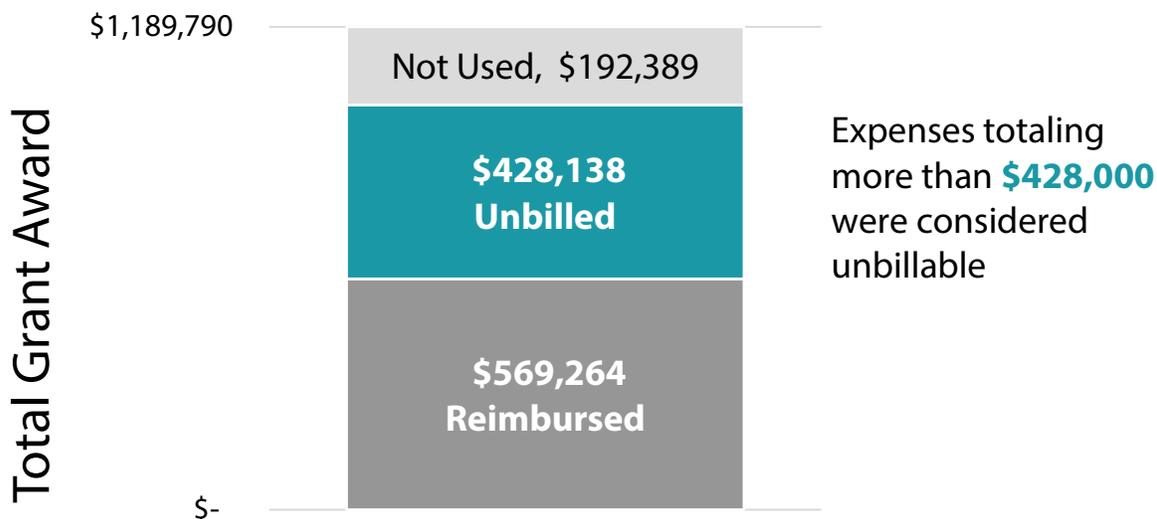
The Bureau received a \$1.2 million federal grant in 2015 through the National Sexual Assault Kit Initiative to improve investigation, prosecution, and victim engagement as well as to inventory, track, and test sexual assault evidence.

The Fiscal Services Division began receiving information in 2017 about possible compliance problems with work done under the grant. Failing to comply with grant requirements could risk the City's eligibility for future funding, so Fiscal Services staff began warning command staff that ineligible work could not be billed to the grant.

Fiscal Services staff tried repeatedly over a two-year period to get command staff to address its concerns, but management in the Sexual Assault Unit did not resolve the issue. According to its procedures, Fiscal Services then stopped seeking reimbursement from the grant.

Management's inaction put General Fund dollars at risk of paying for the work. General Fund revenue comes from property and other local taxes, and City Council has discretion in how it is apportioned to various bureaus. Grant funding must be used for its intended purpose only.

The Bureau has been reimbursed for only 48 percent of the grant funds awarded. As of September 2019, expenses totaling more than \$428,000 intended to be paid with grant funds were considered unbillable by Fiscal Services.



OUR RECOMMENDATIONS

The Police Bureau should create a process for Fiscal Services to notify command staff and the Chief’s Office in writing about potential non-compliance with grant requirements.

RESPONSE FROM THE POLICE BUREAU

The Bureau said it created a committee to meet quarterly to review all grants and identify compliance issues. If the committee is unable to resolve a compliance issue, it will notify the Assistant Chief of the Services Branch. The Bureau said it will review unbilled grant expenses from the National Sexual Assault Kit grant to determine if it can seek more reimbursement.

ABOUT PORTLAND’S FRAUD HOTLINE

The Auditor’s Office administers the Fraud Hotline to enable the public and City employees to confidentially report suspected fraud, waste and abuse of position by or against the City. The Hotline also serves to identify and prevent losses of City funds and act as a deterrent to fraud, waste and abuse of position. Hotline tips can be submitted online at www.PortlandFraudHotline.com or by phone by calling 866-342-4148.

When the Auditor’s Office finds waste, inefficiency or abuse of position via the Hotline, it is required by law to notify the Portland City Council of the findings. This report, which is delivered to the City’s mayor and commissioners, serves as that notice. It is also released publicly to inform about substantiated Hotline tips.

