



*Date:* February 19, 2008

*To:* Johnny Teeters, Fire Chief

*From:* Internal Review

*Subject:* Fire Department Grants

We reviewed three Fire Department grants with funding from Homeland Security 2005 and 2006 federal funds. The funds budgeted in the 2007-2008 Operations Statements are \$1,029,010. The review was conducted in accordance with standards issued by the Institute of Internal Auditors, to include a review of the internal controls in place within each division. The review included the grant documents to determine the conditions set forth in each contract for the purpose of determining compliance with the contract.

The purpose of the review was to:

- Verify that receipts are properly recorded.
- Verify disbursements are in compliance with the contract and are made during the contract period.
- Determine that the programs are achieving the desired results or benefits as written in the contract.
- Verify that assets purchased with grant funds are properly recorded in the inventory system.
- Verify that required reports to the granting agencies are being provided timely and as required in the contract.

Our review of the grants for which we will provide a brief summary, and as needed, our findings and recommendations are as follows:

**Grant 220-4072-01-\$178,153 in FY05 Homeland Security Grant funds-**

This grant was procured through a contract with Guilford County on Guilford County Contract 36460-01/06-177 and was dated November 9, 2005. The period of performance was January 19, 2006 to January 30, 2007 in the original format, but was amended three times to finally end September 30, 2007. All grant funds had to be spent, invoiced, and submitted to the Guilford County Office of Emergency Management by September 1, 2007. Total funds expended were \$178,137.95 leaving \$15.05 unspent. The grant was extended in order to provide for the procurement of and building of the 48 foot trailer which took longer than the original grant period.

Items purchased as Assets and properly capitalized to the extent of \$98,590.37, included a 48 foot utility van trailer, as well as, power packs, a power unit, and two command modules. Additionally \$79,547.58 in Miscellaneous Supplies were purchased including respirators, masks, blades pipe wrenches, helmets, propane heaters, vent fan, safety vests, lights, AC chargers, cord, pulleys, rope, webbing, tubular aluminum, regulators, a 48 inch lift jack, and jackmate for HI-LIFT jack. These latter items were listed on an inventory, which had not been relieved by items already expended such as rope used or cartridges for the respirators. The assistant chief in charge indicated that the department has not but is putting inventory control procedures into place in order to track use of expendable items and items assigned to individuals after we brought this to their attention during our review. Their intent is to utilize a Fire Records Management System (Fire House) module available to them, and conduct a quarterly inventory check and document any variances. These procedures should be reviewed periodically by an outside department to make sure the procedures established are in writing, and sufficient to prevent fraud, waste, and misuse of property purchased with federal funds.

**Grant 220-4074-01-\$192,857 in FY06 Homeland Security Grant funds-**

This grant is undertaken under Memorandum of Agreement (MOA) number 1007 between the City of Greensboro and the North Carolina Department of Crime Control and Public Safety (NCDCC & PS) to expend funds for equipment to be conveyed to the state at a later date in the amount of \$162,857, and \$30,000 in training for the Greensboro Fire Department. An inventory for the equipment to be conveyed should be established and maintained in order to ensure the state gets all equipment purchased under the grant. The original period of performance is from February 22, 2007 to June 30, 2008. The NCDCC & PS has informed the department that Homeland Security extended their period to June 30, 2009, but the Fire Department has not extended the MOA to that date.

The Fire Department had spent \$133,077.91 of the \$162,857 for equipment, and \$16,014.48 of the \$30,000 for seminars and training expenses. The grant period has not run, but the grant has \$43,764.61 to expend before June 30, 2008. The Fire Department provided written assurance that it will expend funds timely, so we are withdrawing a suggested extension request.

**Grant 220-4075-01-\$658,000 in FY06 Homeland Security Grant funds-**

This grant is undertaken under MOA number 1022 between the City of Greensboro and the NCDCC & PS to expend \$600,000 for small tools and supplies and \$58,000 for seminar/training expenses. The period of performance of the grant is from July 1, 2006 to June 30, 2008. The NCDCC & PS has notified the city that the department of Homeland Security extended their agreement to June 30, 2009, but the Fire Department has not extended the MOA to that date.

The Fire Department has spent only \$11,654.84 of the funding for this grant, and has encumbered another \$530,000 in funds for Other Capital Equipment. \$646,345.16 is unspent, including \$46,345.16 for seminar and training expense, and \$600,000 for miscellaneous supplies and other capital equipment. When spent the \$600,000 in supplies and other capital equipment must be inventoried, as for the other grants, and usage recorded.

The Fire Department sent an invoice requesting reimbursement for funds expended from April 25, 2007 to May 4, 2007 in June of 2007 that was not reimbursed until we brought it to their attention in January 2008, and was subsequently paid February 7, 2008. The NCDCC & PS failed to process the amended MOA and the invoice; this was not followed up until we brought it to the Fire Department's attention on January 9, 2008. The Fire Department indicates procedures to follow-up on payment requests on an ongoing basis and that it will work with finance to strengthen its grant administrative capability accordingly. The Fire Department indicates that they requested an extension of this grant until the date the NCDCC & PS period ends, but are awaiting confirmation of an extension from the appropriate State official.

We requested the department indicate in writing the extent and type of inventory procedures they are putting into place, as well as review of requests for payment, and that they respond as to what their intent is regarding an extension of the two MOA in question. Replies were made by electronic mail transmission Monday February 18, 2008.

Except for those items requiring reply and further review, these programs administered by the Fire Department using federal funds are achieving the desired results as written in the contracts. Internal Audit will be happy to assist the Fire Department to set up control procedures to administer these grants as needed.

We would like to thank the members of the Fire Department for the courtesy and cooperation extended us during this review. If you have any questions or concerns regarding the details of this review, please call Fred Newnam at 373-2230.



Fred M Newnam  
Internal Auditor



Len Lucas  
Internal Audit Director

Cc: Bob Morgan, Assistant City Manager  
Rick Lusk, Finance Director  
Warren Ritter, Assistant Chief  
Paul Brooks, Assistant Chief

**Lucas, Len**

**From:** Ritter, Warren  
**Sent:** Monday, February 18, 2008 1:51 PM  
**To:** Newnam, Fred  
**Cc:** Lucas, Len; Teeters, Johnny; Brooks, Paul; Spears, David; Ritter, Warren; Staley, Dee Ann; Johnson, Roberta  
**Subject:** Internal Review - Fire Department Grants

Mr. Newman:

In your memo dated February 6, 2008, you requested information relating to procedures that the Fire Department will be implementing in regards to inventory control. Additionally, you requested follow up on reimbursement request for funds expended from April 25 – May 4, 2007 and extensions for FY 2006 Grants. I have provided responses to these issues below.

**Inventory Control**

The Greensboro Fire Department currently utilizes a Fire Records Management System (Fire House) to maintain data related to Fire Department operations. A module is available in Fire House that provides for an inventory control capability. Fire House will allow us the ability to track inventories for all fire department equipment and will also provide a mechanism to identify equipment purchased through Homeland Security Grants. Assistant Chief Paul Brooks is now responsible for the management of the USAR and Hazardous Materials Program and is in the process of coordinating equipment inventory entry into Fire House. Personnel will conduct a quarterly inventory check and have the ability to document any variance in inventory in the notes sections. This will be essential in the documentation of expendable items as we discussed at Station 5.

**Reimbursement Tracking; Account #220-4075-01**

The reimbursement brought to our attention by your audit was promptly followed up on, by immediately contacting North Carolina Emergency Management. This payment was received on February 7, 2008 and was forwarded to Roberta Johnson for deposit. Tracking reimbursements are handled in a timely manner by continued follow up with the State however; in this case the receiving of the reimbursement was missed by Greensboro and the State. Continued coordination between Greensboro Fire and Greensboro Finance Department (Roberta) will insure future improvement in reimbursement tracking.

**FY 2006 Grant Extensions**

The two MOA's referenced in you memo pertain to account #220-4075-01 and #220-4074-01. On January 18, 2008, Chief Teeters hand delivered a letter to Secretary Bryan Beatty requesting an extension to the grant associated with account number #220-4075-01. The request was approved by Secretary Beatty and we are awaiting official documentation from the State. The grant associated with account #220-4074-01 is expected to be fully spent before the end of the performance period of June 30, 2008.

Warren Ritter

Assistant Chief  
1514 N. Church St.  
Greensboro, NC 27405  
336-373-2387 (Office)  
336-430-6008 (Cell)  
336-321-2609 (Pager)

2/20/2008

email: [warren.ritter@greensboro-nc.gov](mailto:warren.ritter@greensboro-nc.gov)

**Lucas, Len**

**From:** Newnam, Fred  
**Sent:** Wednesday, February 20, 2008 7:22 AM  
**To:** Ritter, Warren; Johnson, Roberta  
**Cc:** Lucas, Len  
**Subject:** RE: FW: FY 2006 Homeland Security Grant (USAR)

All,  
This clears the 220-4075-01 extension question, be sure to document the files with the amendment when it comes in, and amend the period on any of our documents if required.

Auditor II  
Internal Audit  
City of Greensboro  
P.O. Box 3136, Greensboro, NC 27402-3136  
Ph. (336) 373-2230 Fax (336) 373-2138  
You are 2/3 water, **now!**  
[www.greensboro-nc.gov](http://www.greensboro-nc.gov)

**From:** Ritter, Warren  
**Sent:** Tuesday, February 19, 2008 2:34 PM  
**To:** Johnson, Roberta; Newnam, Fred  
**Cc:** Ritter, Warren  
**Subject:** FW: FW: FY 2006 Homeland Security Grant (USAR)

Roberta and Fred:

I think this is the answer we were looking for in regards to the FY 2006 HLSG; account #220-4075-01.

Warren Ritter  
Assistant Chief  
1514 N. Church St.  
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336-430-6008 (Cell)  
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**From:** TBrown@ncem.org [mailto:TBrown@ncem.org]  
**Sent:** Tuesday, February 19, 2008 12:33 PM  
**To:** Ritter, Warren  
**Subject:** Re: FW: FY 2006 Homeland Security Grant (USAR)

We will issue an MOA amendment revising the date and funding breakdown. Keep moving forward and we'll get it to you soon, probably around the time you get the 2007 MOA's.

Todd W. Brown  
North Carolina Search and Rescue Coordinator  
North Carolina Division of Emergency Management

2/20/2008

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"Ritter, Warren" <Warren.Ritter@greensboro-nc.gov>

To: <TBrown@ncem.org>

02/18/2008 08:27 AM

cc: "Ritter, Warren" <Warren.Ritter@greensboro-nc.gov>  
Subject: FW: FY 2006 Homeland Security Grant (USAR)

Todd:

Any additional information on the request below?

**Warren Ritter**

Assistant Chief

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**From:** Ritter, Warren

**Sent:** Wednesday, February 13, 2008 8:34 AM

**To:** 'TBrown@ncem.org'

**Cc:** Ritter, Warren

**Subject:** FY 2006 Homeland Security Grant (USAR)

2/20/2008

Todd:

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At the last SERC Meeting, Secretary Beatty approved our request for an extension of the FY 2006 Homeland Security Grant to December 31, 2008. Will this cause a new MOA to be generated or will we just receive an "Official" letter?

Thanks,

**Warren Ritter**

Assistant Chief

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2/20/2008