



**SUMMIT COUNTY CENTRAL TACTICAL UNIT (CENTAC)**

**SUMMIT COUNTY  
SPECIAL AUDIT**

**FOR THE PERIOD  
JANUARY 1, 1993 THROUGH DECEMBER 31, 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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**SUMMIT COUNTY CENTRAL TACTICAL UNIT  
SUMMIT COUNTY**

**SCHEDULE OF BOARD OF CONTROL MEMBERS**

Summit County Sheriff

Summit County Prosecutor

Akron Police Department

Barberton Police Department

Copley Township Police Department

Cuyahoga Falls Police Department

Stow City Police Department

City of Twinsburg Police Department

Ohio Bureau of Criminal Identification & Investigation

Drug Enforcement Administration

Federal Bureau of Investigation

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## Report of Independent Accountants

Mr. Domingo Herraiz, Director  
Office of Criminal Justice Services  
400 E. Town Street  
Suite 300  
Columbus, Ohio 43215

Pursuant to the request of the Former Director, John Bender, of the Ohio Office of Criminal Justice Services (OCJS), we have conducted a "Special Audit" and performed the procedures summarized below and detailed in our "Supplement to the Special Audit Report," which were agreed to by Mr. Tom Foes, then acting director of OCJS, for the period January 1, 1993 through December 31, 1999 ("the Period"). These procedures were performed solely to determine whether Summit County Central Tactical Unit (CENTAC) expenditures made with Edward Byrne Memorial State and Local Law Enforcement Assistance Formula Grant Program funds (Byrne Formula) for the Period were allowable in accordance with the grant agreements and OCJS Fiscal Directives, and whether CENTAC maintained documentation required by the grant agreements and Fiscal Directives. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the users of the report. Consequently, we make no representation regarding the sufficiency of the procedures discussed below for the purpose for which this report has been requested or for any other purpose. The procedures we performed are summarized as follows:

1. We identified Byrne Formula Grant requirements and OCJS Fiscal Directive requirements related to allowable grant expenditures and required expenditure documentation.
2. We reviewed Byrne Formula grant expenditures for the Period to determine if they were allowable in accordance with the grant agreement and OCJS Fiscal Directives.
3. We reviewed documentation supporting Byrne Formula grant expenditures to determine whether it was in accordance with Byrne Formula grant agreement requirements and OCJS Fiscal Directives.
4. On May 16, 2001, we held an exit conference with the following officials of OCJS :

Domingo Herraiz, Director of OCJS  
Tom Foes, Assistant Director of OCJS

On May 17, 2001, we held an exit conference with the following officials:

Drew Alexander, Sheriff of Summit County  
Inspector Keith Thornton, Summit County Sheriff's Office  
Chief Michael C. Kallai, Vice Chairman of the CENTAC unit

The attendees were informed that they had five business days to respond to this Special Audit Report. These individuals indicated that they did not intend to provide a formal written response to the report.

Our detailed procedures and the results of applying these procedures are contained in the attached "Supplement to the Special Audit Report." Because these procedures do not constitute an examination conducted in accordance with generally accepted auditing standards, we do not express an opinion or limited assurance on any of the accounts or items referred to above. Also, we express no opinion on CENTAC's internal control system over financial reporting or any part thereof. Had we performed additional procedures, or had we conducted an examination of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report relates only to transactions relating to the above procedures, and does not extend to any financial statements of CENTAC or Summit County taken as a whole.

This report is intended for the use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Reports by the Auditor of State are a matter of public record and use by other components of state government or local government officials is not limited.

Jim Petro  
Auditor of State

April 5, 2001



# SUPPLEMENT TO THE SPECIAL AUDIT REPORT

## BACKGROUND

CENTAC was formed in 1987 by the Akron Police Department, Summit County Sheriff's Department, and the Summit County Prosecutor's Office, as a task force to investigate drug trafficking and organized crime on a multi-jurisdictional basis. Since 1987, the task force unit has expanded to include other local law enforcement agencies such as; the Barberton Police Department; Bureau of Alcohol, Tobacco, and Firearms; Copley Police Department; Cuyahoga Falls Police Department; Federal Bureau of Investigation (FBI); Stow Police Department; Twinsburg Police Department; Bureau of Criminal Identification and Investigation (BCI); Internal Revenue Service (IRS); and Drug Enforcement Administration (DEA).

One source of CENTAC funding is from annual federal subgrants to Summit County from OCJS from the Byrne Formula grant program, CFDA #16.579. Summit County also receives other Byrne Formula grant funds for various other projects and programs; however, OCJS specifically earmarked the Byrne Formula funds it awarded to CENTAC for cases involving drug trafficking.

During the Period, CENTAC utilized its Byrne Formula funds for both personnel and non-personnel costs. CENTAC personnel funded wholly or partially through Byrne Formula funds included law enforcement officers employed directly by Summit County as well as officers employed by local jurisdictions in the CENTAC task force. The officers worked on other projects in addition to those funded by the CENTAC-Byrne Formula monies. These personnel costs were paid initially by the County or local jurisdiction. Byrne Formula funds were paid by OCJS to the County on a reimbursement basis and either retained by the County to reimburse the costs of County employees or passed on to the appropriate local jurisdiction to reimburse its costs.

After the local news media questioned the appropriateness and use of grant monies during criminal investigations conducted by CENTAC, the Board of Control decided that an audit should be conducted. In February, 2000, a formal request from City of Barberton Police Chief Michael C. Kallai, Vice-Chairman of CENTAC, was sent to the Office of Criminal Justice Services requesting an audit of CENTAC's grant monies. On March 1, 2000, a letter from John Bender, then Director of OCJS, was received requesting that a special compliance audit be conducted of federal Byrne Formula grant monies provided to CENTAC by OCJS for the years 1993 through 1999. Based on the request, on March 7, 2000, the Auditor of State's Special Audit Committee voted to initiate a special audit of Byrne Formula grant expenditures made by CENTAC.

# SUPPLEMENT TO THE SPECIAL AUDIT REPORT

<b>Issue No. 1 - Byrne Formula Grant and Office of Criminal Justice Services Fiscal Directive Requirements</b>
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We identified Byrne Formula Grant requirements and Office of Criminal Justice Service's (OCJS) Fiscal Directive requirements related to allowable grant expenditures and required expenditure documentation.

## Procedures:

1. We obtained and reviewed the Byrne Formula Grant Agreements and OCJS Fiscal Directives in effect during the Period and identified the types of allowable expenditures for which grant funds could be expended .
2. We obtained and reviewed Byrne Formula Grant Agreements and OCJS Fiscal Directives in effect during the Period and identified the required expenditure documentation.

## Results

1. We obtained Byrne Formula Standard Federal Subgrant Conditions (Standard Agreement) between OCJS and Summit County for fiscal years 1996-1999. For the fiscal years in the Period for which agreements were not available, we obtained an affidavit from Mr. Paul Bronsdon, a grants management representative of OCJS, which stated that standard federal subgrant conditions were substantially the same regarding allowable costs and also incorporated OMB Circular A-87 as appropriate cost standards. Part III, Chapters 7 and 8 of the Standard Agreement identifies the following costs as allowable:

- Compensation of Personnel Services (includes salaries, wages, and benefits)
- Conferences and Workshops
- Travel
- Space (Facilities)
- Printing
- Publication
- Duplication
- Production
- Other Allowable Costs include:
  - Software Development
  - Depreciation
  - Post-employment Benefits
  - Confidential Funds for the Purchase of Evidence and Specific Information

In addition, costs must be reasonable, necessary to the project, and comply with funding statute requirements. Part I, Chapter 2 of the standard grant agreement specifically states that allowable cost guidelines of OMB Circular A-87, Attachment B - "Selected Items of Cost" shall be followed.

We obtained and reviewed the OCJS Fiscal Directives which defined the program objectives, and identified the types of allowable expenditures for which grant funds could be used. Section II, "Program & Spending Guidelines," of the OCJS Fiscal Directives define the following costs as generally allowable based on federal regulations. This list is not intended to be an all inclusive list and reflects only those costs specifically addressed by the Department of Justice guidelines to OCJS.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

- Compensation of Personal Services
- Costs of attending conferences and workshops related to the programming of the sub-grant project
- The cost of space (rent) for agencies that do not own their own building
- An allocated share of the cost of ownership for agencies that either own their own building or have a less than arms length relationship with their lessor
- Printing, publication, or photocopying costs related to the sub-grant project
- Travel costs related to subgrant business

Per the OCJS Fiscal Directives, the following costs are not allowable and grant funds may not be expended for their purposes:

- Costs of acquiring land or property
- Compensation or travel costs for federal employees
- Bonuses, awards, or commissions to employees or clients served by the project
- Military type equipment
- Lobbying costs
- Fund raising costs, including salaries of persons while they are engaged in fund raising activities
- Costs of corporate formation
- Imputed interest costs
- State and Local Taxes
- Costs of fines or penalties, including late fees from vendors
- Costs of stipends
- Costs included in the cost of workshops (other than registrations, tuition, lodging, and food) such as entertainment, sports, credit card interest, tips, bar charges, or meal service charges
- Lease or rental of automobiles is not allowed except for Multi-Jurisdictional Narcotics Trafficking Task Force

2. We obtained and reviewed the Standard Agreements, as noted in result no. 1, and OCJS Fiscal Directives in effect and identified the following expenditure documentation requirements.

Chapter 10, "Procurements Under Subawards of Federal Assistance", paragraph 1, "General", outlined in the Standard Agreements state in pertinent part, "A subrecipient shall follow the same policies and procedures it uses for procurement from its non-federal funds. The subrecipient shall ensure that every purchase order or other contract includes any clauses required by state and federal statutes, executive orders and their implementing regulations, as well as OCJS requirements."

OCJS Fiscal Directives, Section II, "Spending Guidelines", section "Commingling of Funds" provide in pertinent part, "A clear audit trail is required for each source of funding [federal and match] by funding year. The sources of receipts, expenditures, and disbursements for each funding source should be accounted for separately."

## **SUPPLEMENT TO THE SPECIAL AUDIT REPORT**

According to the Standard Agreement, CENTAC was to maintain all financial records, supporting documents, statistical records, and all other records pertinent to the grant award in accordance with "Administrative Requirements for Grants and Agreements Including Sub-awards" as set forth in 28 Code of Federal Regulations (C.F.R.) Part 66. 28 C.F.R. 66.20(a)(1999) indicates in part that fiscal control and accounting procedures of the State, as well as its subgrantees, must be sufficient to permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes. 28 C.F.R. 66.20(b)(1999) identifies the following as appropriate records to be maintained: books of original entry, source documents supporting accounting transactions, the general ledger, subsidiary ledgers, personnel and payroll records, canceled checks, and related documents and records. Source documents include copies of all grant awards, applications, and required subrecipient financial and narrative reports. Personnel and payroll records shall include the time and attendance reports for all individuals reimbursed under the grant award, whether they are employed as full-time or part-time. Time and effort reports are also required for consultants.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

### Issue No. 2 - CENTAC expenditures made with grant funds during the Period.

We reviewed Byrne Formula grant expenditures for the Period to determine if they were allowable in accordance with the Standard Agreements and OCJS Fiscal Directives.

#### Procedures

1. We used the expenditure documentation (i.e. vouchers, invoices, and canceled checks) supporting monthly and quarterly grant expenditure reports to identify expenditures reimbursed by Byrne Formula grant funds.
2. "Specialists" reviewed case files for the Period to determine whether cases were considered to be drug related based on the program objectives included in the Byrne Formula Standard Agreements and OCJS Fiscal Directives.
3. From the case files, we identified and documented the CENTAC officers who worked on the cases.
4. We interviewed former CENTAC officers who were quoted in the local newspaper and determined whether their concerns or issues had an impact on the scope of the engagement.

#### Results

1. We obtained monthly and quarterly grant expenditure reports filed by the Summit County Sheriff's Office with OCJS and the documentation which supported the expenditure amounts reported. The following table summarizes, by category, the types of expenditures which were made and reimbursed by the grant funds for each grant year during the Period:

Grant Year	Personnel	Supplies	Contractual Services	Confidential Funds
1992 - 1993	\$184,438	\$1,380	\$50,793	
1993 - 1994	241,547	390	6,843	
1994 - 1995	201,526	6,217	16,689	\$2,400
1995 - 1996	225,627 <sup>1</sup>			
1996 - 1997	277,382			
1997 - 1998	258,240			
1998 - 1999	<u>220,916</u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Totals</b>	<b><u>\$1,609,676</u></b>	<b><u>\$7,987</u></b>	<b><u>\$74,325</u></b>	<b><u>\$2,400</u></b>

<sup>1</sup> 95-96 grant year amount includes \$12,450 which appeared to be contractual services rather than personnel costs.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

For the 1992-1993 Grant Year, amounts charged to the "Supplies" category included, telephone bills, copier lease payments, and utilities payments for its facilities. Amounts charged to "Contractual Services" included vehicle payments, photograph expenses, vehicle repairs, association dues, repairs, and drug buy money. For the 1993-1994 Grant Year, amounts charged to the "Supplies" category included the purchase of electronic equipment. Amounts charged to "Contractual Services" included telephone bills and copier lease payments. For the 1994-1995 Grant Year, amounts charged to the "Supplies" category included repairs, subscription update to a criminal handbook, parts for communication equipment, and the purchase of a computer modem. Amounts charged to "Contractual Services" included telephone bills, copier lease payments, photograph expenses, vehicle repairs, and association dues. All "Confidential Funds" were used as drug buy monies to purchase evidence.

Although like expenditures were not consistently charged to the same line item within the budget, expenditures for the Period were allowable in accordance with the Byrne Formula grant agreement and OCJS Fiscal Directives.

2. As part of the Byrne Formula Standard Agreement requirements and OCJS Fiscal Directives, grant funds were to be expended in accordance with program objectives. As part of this agreed-upon procedure engagement, we determined that it required special skills and knowledge in the field of drug law enforcement to determine if the program objectives were met. During our planning meeting with OCJS, it was determined that three drug task force commanders would be considered "Specialists" for the purpose of this agreed-upon procedure engagement.

The "Specialists" reviewed all CENTAC cases for the Period, and we relied on their conclusion of whether these cases were considered drug related based on the program objectives. These "Specialists" reviewed 236 CENTAC case files, and determined that 7 of the 236 case files were not considered drug related based on program objectives contained in the Byrne Formula Standard Agreement requirements and OCJS Fiscal Directives.

Although these 7 cases were determined to not be drug related, no additional tests of whether these costs were allowable under the Byrne Formula Standard Agreement requirements and OCJS Fiscal Directives were performed or additional questioned costs noted because all personnel costs charged to the Byrne Formula grant were questioned as part of Issue No. 3.

## SUPPLEMENT TO THE SPECIAL AUDIT REPORT

3. During the review of the case files, CENTAC officers from the following law enforcement agencies were identified as having worked on the 236 CENTAC cases. We reviewed the monthly and quarterly grant expenditure reports and identified the personnel costs related to the officers of these law enforcement agencies. These personnel costs were reimbursed during the Period with Byrne Formula grant monies.

	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Summit Co. Sheriff	\$86,504	\$102,425	\$103,628	\$96,987	\$174,008	\$170,544	\$105,569
Summit Co. Prosecutor	4,919						
City of Barberton	47,308	42,619	42,372	49,055	41,126	34,188	34,188
City of Akron	45,707						
City of Cuyahoga Falls				21,645	28,860	24,736	
City of Wadsworth				12,102			
City of Stow							52,387
Springfield Township		23,305					
Copley Township		32,178	33,609	33,388	33,388	28,772	28,772
Franklin Township	_____	<u>41,018</u>	<u>21,917</u>	_____	_____	_____	_____
Total	<u>\$184,438</u>	<u>\$241,546</u>	<u>\$201,527</u>	<u>\$213,177</u>	<u>\$277,382</u>	<u>\$258,240</u>	<u>\$220,916</u>

4. We interviewed two former CENTAC officers who were quoted in the newspaper as being critical of CENTAC's operations. These individuals expressed concerns about the distribution of seized and forfeited assets to the participating law enforcement agencies; however, they did not provide any information concerning improper spending of Byrne Formula grant funds.

# SUPPLEMENT TO THE SPECIAL AUDIT REPORT

## Issue No. 3 - Review of CENTAC expenditure documentation

We reviewed documentation supporting Byrne Formula grant expenditures to determine whether it was in accordance with Byrne Formula Standard Agreement requirements and OCJS Fiscal Directives.

### Procedures:

1. We examined invoices and supporting documentation for nonpayroll related expenditures reimbursed with grant funds.
2. We requested timekeeping records for officers whose salaries and benefits were reimbursed with grant funds
3. We examined timekeeping records of CENTAC officers who worked on drug related cases to determine whether it was in accordance with the Standard Agreement and OCJS Fiscal Directives.

### Results

1. We noted that all nonpayroll expenditures were supported in accordance with the Standard Agreements and OCJS Fiscal Directives without exception.
2. We requested timekeeping records for the officers whose salaries and benefits were reimbursed with Bryne Formula Grant Funds as reported on the monthly and quarterly expenditures report filed with OCJS. The Summit County Sheriff's Office, as the grant administrator, did not require from participating law enforcement agencies, or maintain for the Sheriff's personnel, timekeeping records to support salaries and benefits reimbursed with Byrne Formula funds. As a result, we requested time sheets from the participating law enforcement agencies to determine whether they documented the CENTAC cases they worked. Time sheets were available for the Summit County Sheriff's Office, City of Stow, City of Cuyahoga Falls, City of Barberton, City of Akron, City of Wadsworth, Copley Township, Springfield Township and Franklin Township. Time sheets were not available for the Summit County Prosecutor's Office.
3. Documents obtained from the law enforcement agencies were insufficient to determine the actual time charged by officers to specific drug related cases. Time keeping records from these law enforcement agencies were comprised of only daily attendance reports for the assigned officers. No activity reports or other documentation identifying the specific case the individuals worked on was maintained. Upon further review of the time records, we noted the hours charged to CENTAC could not be distinguished as to the specific cases (activities) worked on during an eight hour period. We will issue federal questioned costs for those charges.



# SUPPLEMENT TO THE SPECIAL AUDIT REPORT

## NONCOMPLIANCE

Through 28 C.F.R. Section 66.22(b)(1999), the U.S. Department of Justice has specified that applicable cost principles for such grants are found in Office of Management and Budget (OMB) Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments (OMB Circular A-87).

OMB Circular A-87 (February 1985), Attachment B, Section B, "Allowable Costs", Subsection 10 (b) states, "payrolls must be supported by time and attendance or equivalent records for individual employees. Salaries and wages of employees chargeable to more than one grant program or other cost objective will be supported by appropriate time distribution records. The method used should produce an equitable distribution of time and effort."

OMB Circular A-87, (Revised 5/4/95, as further amended 8/29/97), Attachment B, Subsection 11(h)(3)-(6), require at least semi-annual certification of charges for salaries and wages for employees that worked solely on a single Federal award or cost objective. The certification should be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

These sections also indicate where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activities reports or equivalent documentation which meets the following standards:

- They must reflect an after-the-fact distribution of the actual activity of each employee.
- They must account for the total activity for which each employee is compensated.
- They must be prepared at least monthly and must coincide with one or more pay periods, and
- They must be signed by the employee.

Such documentary support will be required where employees work on:

- More than one Federal award,
- A Federal award and a non-Federal award,
- An indirect cost activity and a direct cost activity,
- Two or more indirect activities which are allocated using different allocation bases, or - selected items of cost
- An unallowable activity and a direct or indirect activity.

An exception would be where the cognizant federal agency has approved an alternative system for supporting payroll records. However, neither OCJS, the recipient of the funds, nor CENTAC, the subrecipient, received approval to implement an alternative system of payroll records.

We noted no certifications that CENTAC officers worked solely on Byrne Formula grant activities as required by OMB Circular A-87(Revised 5/4/95, as further amended 8/29/97), Attachment B, Subsection 11(h)(3), stated above. As a result, we concluded that CENTAC officers worked on multiple Federal awards or cost objectives.

The Summit County Sheriff's Office, as the grant administrator, did not require from participating law enforcement agencies, or maintain for the Sheriff's personnel, timekeeping records to support salaries and benefits reimbursed with Byrne Formula funds in accordance with the above requirements. Detailed timekeeping records on a case by case basis were not kept by the officers who worked in the CENTAC unit during the Period. The time records kept by the officers in the unit did not demonstrate an equitable distribution of time and effort; whereby, they reflect an after-the-fact distribution of actual activity of each individual employee.

We recommend that the Summit County Sheriff's Office, as the grant administrator, require CENTAC officers to complete detailed timekeeping records on a case by case basis to demonstrate an equitable distribution of time and effort, and so that the actual activities of the CENTAC officers can be tracked. These time records should be signed by the CENTAC officer, and by a responsible CENTAC supervisory official having first hand knowledge of the activities performed, and that the distribution of activity represents the actual work performed by the officer during the payroll period.

**FEDERAL QUESTIONED COSTS**

There was insufficient documentation for charges to the Byrne Formula Grant for salaries and wages for the Period. There was no evidence of personnel activity reports or other support documentation for officers who worked on drug related cases at CENTAC as required by OMB Circular A-87(Revised 5/4/95, as further amended 8/29/97), Attachment B. As a result, we are issuing questioned costs totaling \$1,597,226 for salaries and wages charged to the Byrne Formula Grant for the Period.

A breakdown of the personnel costs by grant year is as follows:

<b>Grant Year</b>	<b>Personnel - Salaries &amp; Wages</b>
1992 - 1993	\$184,438
1993 - 1994	241,546
1994 - 1995	201,527
1995 - 1996	213,177
1996 - 1997	277,382
1997 - 1998	258,240
1998 - 1999	<u>220,916</u>
<b>Total</b>	<b><u>\$1,597,226</u></b>



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OFFICE OF THE AUDITOR  

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**SUMMIT COUNTY CENTRAL TACTICAL UNIT**

**SUMMIT COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 24, 2001**