



Audit of the Bureau of Justice Assistance 2020  
Republican Presidential Candidate Nominating  
Convention Grant Awarded to  
Charlotte, North Carolina



21-115

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**SEPTEMBER 2021**

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# EXECUTIVE SUMMARY

## Audit of the Bureau of Justice Assistance 2020 Republican Presidential Candidate Nominating Convention Grant Awarded to Charlotte, North Carolina

### Objectives

The Office of Justice Programs' (OJP) Bureau of Justice Assistance awarded the City of Charlotte, North Carolina a grant totaling \$17,257,390 for security support during the 2020 Republican National Convention. The objectives of this audit were to determine whether costs claimed under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether Charlotte demonstrated adequate progress towards achieving the grant's goal and objectives. Since 2004, Congress has awarded public funds for law enforcement activities intended to secure the presidential nominating conventions. Security planning for the Republican National Convention, which began in July 2018, anticipated that approximately 75,000 delegates, elected officials, and other visitors would be in attendance. However, the COVID-19 pandemic and health measures intended to protect the public led to a less-attended convention and reduced grant expenditures.

### Results in Brief

As a result of our audit, we concluded that Charlotte generally managed the Presidential Candidate Nominating Convention grant (RNC Grant) in accordance with grant requirements. We determined that Charlotte accomplished the overall goal for the grant, which was to provide a safe and secure convention for delegates and visitors. We also determined that Charlotte was reimbursed \$5,838 in funds for unsupported personnel costs and that its property management system did not fully comply with federal requirements for property acquired from grant funds.

### Recommendations

Our report contains three recommendations for OJP. We requested a response to our draft audit report from OJP and Charlotte, which can be found in Appendix 4 and 5, respectively.

### Audit Results

The purpose of the security support grant was to provide security support during the 2020 Republican Presidential Candidate Nominating Convention. The project period for the grant was from October 1, 2019, through March 31, 2021. Charlotte drew down a cumulative amount of \$16,792,977.

### Program Goal and Accomplishments

The goal of the RNC Grant was to provide a safe and secure environment for convention delegates, elected officials, other dignitaries, and media. We determined that Charlotte accomplished the grant goal.

### Grant Financial Management

Grant recipients must adequately and accurately account for award funds. We tested \$13,023,703 in expenditures Charlotte was reimbursed from grant funds. We determined that the majority of these expenditures were allowable, supported, properly allocated and in compliance with award requirements. However, Charlotte was unable to show that four employees who received \$5,838 in personnel and fringe benefit costs paid from grant funds worked on convention-related activities.

### Accountable Property

To comply with federal grant requirements, grant recipients must maintain property records that identify all property acquired from federal funds. Charlotte was initially unable to provide documentation of its compliance with the requirement. However, Charlotte achieved compliance with the requirement during our audit.

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## Introduction

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of the 2020 Republican Presidential Candidate Nominating Convention grant awarded by the Office of Justice Programs (OJP) to the City of Charlotte, North Carolina. The 2020 Republican Presidential Candidate Nominating Convention grant (RNC grant) was administered by the Bureau of Justice Assistance (BJA), a component of OJP, and totaled \$17.3 million as shown in Table 1.

Table 1

### RNC Grant Awarded to Charlotte, North Carolina

| Award Number    | Award Date | Project Period Start Date | Project Period End Date | Award Amount        |
|-----------------|------------|---------------------------|-------------------------|---------------------|
| 2020-ZC-BX-0001 | 03/23/2020 | 10/01/2019                | 03/31/2021              | \$17,257,390        |
|                 |            |                           | <b>Total:</b>           | <b>\$17,257,390</b> |

Source: OJP grant records

Since 2004, Congress has awarded public funds for law enforcement activities associated with the presidential nominating conventions. In July 2018, the Republican National Committee selected Charlotte to host the 2020 Republican National Convention (RNC) from August 24-27, 2020. Charlotte began its security preparations for the convention in July 2018 and continued those preparations after notification in March 2020 of an initial grant award of \$50 million.

The Republican National Convention was designated a National Special Security Event by the Department of Homeland Security. Because of this designation, the United States Secret Service was the lead agency in charge of security. Other participating federal agencies included the Federal Bureau of Investigation, which was the lead agency for intelligence, counterterrorism, and federal criminal violations and the Federal Emergency Management Agency, which was the lead agency for emergency consequence management. The Charlotte-Mecklenburg Police Department (CMPD) was the lead local law enforcement agency and had contracts with dozens of police agencies across the country to bring an estimated 3,000 law enforcement and public safety officers into Charlotte to provide convention security-related services. The CMPD formed 22 separate subcommittees to develop operational plans pertaining to each subcommittee's respective assignment.

The outbreak of coronavirus disease 2019 (COVID-19) in March 2020 and North Carolina health measures intended to protect the public and slow the spread of the virus ultimately led to a much smaller RNC than originally planned. Between March and July 2020, Charlotte and CMPD officials, as well as political, federal, state, and local leaders, held discussions about the size, scale, location, and format of the RNC. During this period, Charlotte and CMPD officials met periodically with BJA officials to discuss the impact these developments would have on Charlotte's role in providing convention security and the use of security support grant funds.

In June 2020, the Republican National Committee announced its plans for a scaled-down convention. The next month, BJA requested that Charlotte submit an updated grant budget. As a result of Charlotte's

update, BJA reduced the original \$50 million RNC Grant award by \$33.3 million. In September 2020, BJA approved a modification and obligated an additional \$600,000 in award funds for a total of \$17.3 million. Table 2 shows the original grant budget and subsequent reduction for each budget category.

**Table 2**

**RNC Grant Reduction in Cost from Scaled Back Convention**

| Cost Category                 | Original Budget     | Budget Reduction       | Estimated Convention Expenditures |
|-------------------------------|---------------------|------------------------|-----------------------------------|
| Personnel and Fringe Benefits | \$11,606,762        | \$9,395,805            | \$2,210,957                       |
| Travel and Training           | 166,979             | 131,307                | 35,672                            |
| Equipment                     | 7,504,841           | 2,086,584              | 5,418,257                         |
| Supplies                      | 2,046,486           | 1,885,083              | 161,403                           |
| Contracts                     | 28,674,932          | 19,708,244             | 8,966,688                         |
| Other Costs                   | 0                   | (464,413) <sup>a</sup> | 464,413                           |
| <b>Totals:</b>                | <b>\$50,000,000</b> | <b>\$32,742,610</b>    | <b>\$17,257,390</b>               |

<sup>a</sup> BJA approved this category in a revised budget from Charlotte.

Source: OJP and Charlotte grant records

The contracts and personnel and fringe benefits categories represented the largest reductions. The \$19.7 million reduction in contracts resulted from the cancellation of agreements between Charlotte and other law enforcement agencies that would have provided officials to assist in convention security. The \$9.4 million reduction in personnel and fringe benefits resulted from Charlotte lowering its projection of hours that would be worked by police and city officials. Additionally, Charlotte canceled some equipment purchases, services, and travel expenses.

**Charlotte, North Carolina**

Located in western North Carolina, Charlotte is the largest city in North Carolina and according to the U.S. Census Bureau had a population of 885,708 residents in July 2019. The CMPD provides police services for the city and unincorporated areas of Mecklenburg County. In May 2021, the CMPD had employed 1,712 officers and 523 civilian personnel.

**OIG Audit Approach**

The objectives of this audit were to determine whether costs claimed under the RNC Grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant; and to determine whether Charlotte demonstrated adequate progress towards achieving the RNC Grant’s goal and objectives. To accomplish these objectives, we assessed performance in the following areas of grant management: program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports.

We tested compliance with what we consider to be the most important conditions of the grant. The DOJ Grants Financial Guide (Financial Guide) and the award documents contain the primary criteria we applied during the audit. The results of our analysis are discussed in detail later in this report. Appendix 1 contains additional information on this audit's objectives, scope, and methodology.

The Schedule of Dollar-Related Findings appears in Appendix 2.

# Audit Results

## Program Performance and Accomplishments

To determine if Charlotte met the RNC Grant goal and objectives, we reviewed grant documentation, performance reports Charlotte was required to submit to BJA, and other award documentation. We also interviewed CMPD officials and reviewed Charlotte's compliance with grant award special conditions.

## Program Goal and Objectives

The goal of the RNC Grant was to provide a safe and secure environment for an originally estimated 75,000 convention delegates, elected officials, dignitaries, and members of the media. To achieve this goal, Charlotte was authorized to use award funds to purchase law enforcement related equipment and supplies and mobilize over 5,500 police and public safety officers to provide for a safe and secure convention. Ultimately COVID-19 and health measures implemented by North Carolina state and local officials to protect the public led to a much smaller convention than originally planned. According to Charlotte's records, about 800 delegates and visitors attended the convention and 1,361 police and public safety officials provided security and support services. To determine if Charlotte accomplished its revised goal to protect a smaller convention, we interviewed CMPD and city officials and reviewed Charlotte's reporting on grant activities and other grant documentation. We found that CMPD accomplished its stated plans for advance planning and coordination, and for training. According to CMPD and public records, there were some protest demonstrations and CMPD interventions and arrests. However, there were no reports of any convention attendees being harmed. We concluded that Charlotte accomplished the revised goal of the RNC Grant.

## Required Performance Reports

According to the Financial Guide, the funding recipient should ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation. To verify Charlotte's performance reporting, we judgmentally selected for testing four activities from Charlotte's June and December 2020 performance reports. We then traced these activities to supporting documentation. We determined that Charlotte's reports were supported.

## Compliance with Special Conditions

Special conditions are the terms and conditions that are included with the award. We tested Charlotte's compliance with grant award special conditions by judgmentally selecting for testing the following three special conditions that were significant to performance under the grant and not addressed in another section of this report.

1. Certification of Body Armor – For any purchases of body armor, BJA required Charlotte to submit a signed certification that any law enforcement agencies receiving grant-funded body armor had a written "mandatory wear" policy in effect.<sup>1</sup>

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<sup>1</sup> Mandatory wear policies, among other things, require on-duty law enforcement officers to wear armor vests whenever feasible.

2. Body Armor – The RNC Grant required that all grant-funded body armor comply with DOJ National Institute of Justice standards and other federal requirements cited in the award documentation.
3. Reporting – Charlotte was required to submit monthly status reports to BJA that described approved program expenditures, actual and projected delays, and other information. Reports were due by the 15<sup>th</sup> of each calendar month.

We determined that Charlotte complied with the special conditions we reviewed.

## Grant Financial Management

According to the Financial Guide, grant recipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them. To assess Charlotte’s financial management of the RNC Grant and compliance with special grant financial management requirements imposed by BJA, we interviewed Charlotte’s financial staff and reviewed Charlotte’s financial policies and procedures.<sup>2</sup> Additionally, we reviewed Charlotte’s Single Audit Reports for FYs 2018 and 2019. We also performed testing in areas relevant to the management of this grant, as discussed throughout this report. Based on our review of Charlotte’s controls, we did not identify significant concerns related to grant financial management.

## Grant Expenditures

According to the Financial Guide, allowable costs are those costs identified in Office of Management and Budget Circulars and the grant program’s authorizing legislation. Table 3 shows Charlotte’s approved budget categories for the RNC Grant.

**Table 3**

**RNC Grant Categories and Actual Expenditures**

| Cost Category                 | Expenditure Overview  | Actual Expenditures | Percentage of Total Expenditures |
|-------------------------------|---|---------------------|----------------------------------|
| Personnel and Fringe Benefits | Labor hours and fringe benefits   | \$2,210,957         | 13.2%                            |
| Travel and Training           | Travel for training and planning activities   | 35,672              | 0.2%                             |
| Equipment                     | Information Technology (IT) hardware, software, protective equipment, vehicles, bicycles, and cameras | 5,400,085           | 32.1%                            |
| Supplies                      | Medical supplies, food, and phones  | 161,403             | 1.0%                             |
| Contracts                     | Liability insurance, IT improvements  | 8,984,860           | 53.5%                            |
| <b>Totals:</b>                |   | <b>\$16,792,977</b> | <b>100%</b>                      |

Source: Charlotte grant records

<sup>2</sup> BJA required Charlotte to obtain approval before obligating or expending grant funds and for budget revisions.

To determine whether costs charged to the RNC Grant were allowable, supported, properly allocated, and in compliance with award requirements, we judgmentally selected for testing transactions among Charlotte’s approved budget categories as detailed below. We performed our testing by comparing each transaction to Charlotte’s accounting records and supporting documentation. The following sections describe our testing results.

### Personnel and Fringe Benefit Costs

Charlotte expended \$2,210,957 in personnel and fridge benefits for 1,361 police, fire, and public works employees as shown in Table 4 below.<sup>3</sup>

**Table 4**

**Personnel and Fringe Benefits by City Department**

| Department     | Number of Employees | Personnel          | Fringe Benefits  | Total              |
|----------------|---------------------|--------------------|------------------|--------------------|
| Police         | 1,098               | \$1,639,266        | \$358,701        | \$1,997,967        |
| Fire           | 195                 | 139,452            | 27,124           | 166,576            |
| Public Works   | 68                  | 38,442             | 7,972            | 46,414             |
| <b>Totals:</b> | <b>1,361</b>        | <b>\$1,817,160</b> | <b>\$393,797</b> | <b>\$2,210,957</b> |

Source: Charlotte grant records

We tested 60 employees for whom Charlotte was reimbursed personnel and fringe benefits costs. We sample tested \$167,923 in personnel costs and \$28,809 in fringe benefits costs. We determined that the personnel costs charged to the grant for all employees were accurately calculated. Additionally, Charlotte officials were able to provide adequate support showing 56 of 60 employees worked on convention-related activities. Charlotte could not provide adequate support showing the four remaining employees worked on convention-related activities. The employees worked in public safety information technology support and represented \$5,838 in personnel and fringe benefits costs paid to Charlotte.

Charlotte did provide billing and other documentation for these four employees, but the documentation provided no evidence of their convention work assignments. A Charlotte official agreed with our assessment and told us a system restriction caused by an existing timekeeping policy prevented officials from providing adequate support. An inability to provide adequate support for expended grant funds increases the risk that grant funds may be used for unallowable purposes. We recommend that OJP ensures that Charlotte implements processes or procedures that adequately document the grant-funded activities of employees paid from grant funds. We also recommend that OJP remedy the \$5,838 in unsupported personnel and fringe benefits costs.

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<sup>3</sup> Charlotte was also reimbursed personnel costs for 51 CMPD civilians.

## Other Direct Costs

Charlotte expended \$14,582,020 for equipment, supplies, travel and training, and contracts. We tested 66 transactions totaling \$12,826,971, which included \$8.8 million Charlotte expended for liability insurance that we discuss below. We determined that all transactions were procured according to grant requirements, allowable, properly approved, accurately recorded, and supported.

## Special Liability Insurance

In February 2020, Charlotte acquired law enforcement legal liability insurance for the RNC, which was negotiated by an insurance broker. The cost of the insurance contract was approved by BJA along with other proposed convention expenditures. Under the agreement, Charlotte would receive up to \$50 million in liability coverage for bodily injury, property damage, wrongful acts caused by law enforcement, and other covered activities. When contract negotiations began, a CMPD official told us that Charlotte anticipated hosting a fully attended RNC similar to prior conventions with 40,000 to 50,000 people in attendance.<sup>4</sup> During the summer of 2020, when plans for a full convention began to change, Charlotte officials considered amending the insurance liability coverage amount. Under the terms of the contract, Charlotte could receive a 75 percent refund (about \$6.6 million) if the city notified the underwriter through its broker by July 27, 2020, of the city's intent to amend the levels of coverage. The CMPD official told us the city chose not to amend despite initial plans from political leaders to hold a portion of the event outside of Charlotte because officials wanted to be prepared if the convention were to take place as planned.<sup>5</sup> Although there was a potential to save about \$6.6 million from promptly terminating the insurance contract, we do not believe that Charlotte acted unreasonably considering the uncertain circumstances the city faced during this period. However, for future security support awards, we recommend that OJP consider requiring contracts reimbursed from convention security award funds to offer greater flexibility to host cities when emergency situations require termination.

## Accountable Property

The Financial Guide requires grant recipients to maintain property records that include a description of the property, serial number, source of the property, and other information including information that would identify property acquired from federal funds.<sup>6</sup> Further, when the equipment is no longer needed, grantees

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<sup>4</sup> CMPD official also told us that historically RNC host cities experience more protests than host cities of the Democratic National Convention, which was a factor for Charlotte in finding suitable liability coverage.

<sup>5</sup> In June 2020, the Republican National Committee announced plans to split convention activities with Jacksonville, Florida. In July, the RNC announced the cancelation of its plans for Jacksonville and opted for a virtual conference. Although the convention was held virtually, Charlotte still hosted some convention events, such as delegate meetings and a visit by the President and Vice President.

Additionally, during our exit conference and in a written statement, Charlotte officials expressed to us that, because of the level and severity of demonstrations occurring throughout the nation during the period, the city chose not to reduce the amount of liability coverage. The business meeting portion of the RNC was still required to be held in Charlotte per terms of the contract between the city, Host Committee, and the Republican National Committee, regardless of any parties or celebration that were slated to be moved to other venues outside of North Carolina.

<sup>6</sup> Additionally, the Financial Guide requires identification of the title holder, acquisition date, cost of the property, percentage of federal participation in the cost of the property, location of the property, use and condition of the property, and disposition data.

must request disposition instructions from the grant-making component.

Charlotte expended \$5,400,085 for accountable property that included motor vehicles, all-terrain vehicles, motorcycles, bicycles, cameras, IT equipment and services, and communications equipment. A complete list of Charlotte's RNC equipment purchased with RNC Grant funds is provided in Appendix 3. We tested Charlotte's compliance with accountable property requirements by judgmentally selecting for testing 63 property items.

For each property item, we obtained photographic evidence of the property with serial numbers and were able to verify all 63 items. Because this audit was performed remotely, we also had the CMPD Chief of Police complete a Property Acknowledgment Letter attesting to having possession of the property we tested.

Initially during our audit, Charlotte could produce no documentation from its property management system that identified RNC Grant funded property as property acquired from federal funds. Appropriately identifying and tracking federally funded property helps ensure that the property is used properly and appropriately disposed in the future. During the audit, Charlotte began identifying its RNC Grant property within its property management system and completed the process in July 2021. Therefore, we make no recommendation.

## **Budget Management and Control**

According to the Financial Guide, grant recipients are responsible for establishing and maintaining an adequate accounting system, which includes the ability to compare actual expenditures or outlays with budgeted amounts for each award. Additionally, the grant recipient must initiate a Grant Adjustment Notice (GAN) for a budget modification that reallocates funds among budget categories if the proposed cumulative change is greater than 10 percent of the total award amount.<sup>7</sup> For the RNC Grant, OJP required that a GAN be submitted and approved for all budget modifications, regardless of the percentage of the total award amount. During the grant period, Charlotte submitted three grant budget modifications, each of which OJP approved. We compared Charlotte's grant expenditures to its approved budget and determined the budget was properly managed.

## **Drawdowns**

According to the Financial Guide, an adequate accounting system should be established to maintain documentation to support all federal fund receipts. If, at the end of the grant award, recipients have drawn down funds in excess of federal expenditures, unused funds must be returned to the awarding agency. For the RNC Grant, BJA required prior approval for each drawdown. Charlotte made drawdowns on a reimbursement basis. As of March 31, 2021, the city had drawn down \$16,792,977 as reported in the city's final Federal Financial Report and closeout report. Table 5 illustrates the award amount, total drawn down and the balance.

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<sup>7</sup> More recently, OJP has employed Grant Adjustment Modifications (GAM). According to the Justice Grants System' Grant Award Modification Reference Guide, GAMs are created to update the award details but are used only to modify a key fact or detail about the award.

**Table 5**

**Award Drawn Down and Balance**

| Grant Number    | Total Award  | Amount Drawn Down | Balance   |
|-----------------|--------------|-------------------|-----------|
| 2020-ZC-BX-0001 | \$17,257,390 | \$16,792,977      | \$464,413 |

Source: OJP and Charlotte grant records

To assess whether Charlotte managed grant receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in the accounting records. We determined that the draw downs matched the accounting records. As of the end of the RNC Grant project period on March 31, 2021, \$464,413 remained in unobligated funds pending deobligation by OJP.

**Federal Financial Reports**

According to the Financial Guide, grant recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report as well as cumulative expenditures. To determine whether Charlotte submitted accurate Federal Financial Reports, we compared the city's four reports submitted for calendar year 2020 to its accounting records. We determined that quarterly and cumulative expenditures for the reports reviewed matched the accounting records.

## Conclusion and Recommendations

As a result of our audit testing, we concluded that Charlotte generally adhered to the grant requirements we tested and achieved the grant's goal and objectives. The majority of Charlotte's grant expenditures were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. However, Charlotte was unable to support \$5,838 in personnel and fringe benefit costs charged for four employees. We provide two recommendations to OJP to address this deficiency. We also determined that Charlotte expended \$8.8 million on liability insurance that was allowable. We provide one recommendation regarding the future use of convention funds in this manner for the purpose of achieving potential cost savings.

We recommend that OJP:

1. Ensures that Charlotte implements processes or procedures that adequately document the grant-funded activities of employees paid from grant funds.
2. Remedy \$5,838 in unsupported personnel and fringe benefits costs.
3. Consider requiring contracts reimbursed from award funds to offer greater flexibility to host cities when emergency situations require termination.

# APPENDIX 1: Objectives, Scope, and Methodology

## Objectives

The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant; and to determine whether the grantee demonstrated adequate progress towards achieving the program goal and objectives. To accomplish these objectives, we assessed performance in the following areas of grant management: program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports.

## Scope and Methodology

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This was an audit of the Office of Justice Programs' (OJP) Bureau of Justice Assistance Grant Number 2020-ZC-BX-0001 awarded to the City of Charlotte for security support during the 2020 Republican National Convention. The final amount of the award was \$17,257,390. As of March 31, 2021, Charlotte had drawn down \$16,792,977 of the total grant funds awarded and \$464,413 remained unexpended. Our audit concentrated on, but was not limited to March 26, 2020, through December 31, 2020. As a result of the COVID-19 pandemic response, we performed our audit fieldwork exclusively in a remote manner.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of Charlotte's activities related to the audited grant. We performed reviews and tested Charlotte's compliance in areas related to program progress reports, financial reports, drawdowns, and budget management. We also performed sample-based audit testing for grant expenditures including payroll and fringe benefits and other direct costs charged to the RNC Grant, including Charlotte's equipment, contracts, travel, training, and supplies expenditures. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grant. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The Department of Justice (DOJ) Grants Financial Guide and the award documents contain the primary criteria we applied during the audit.

During our audit, we obtained information from OJP's Grants Management System as well as Charlotte's accounting system specific to the management of DOJ funds during the audit period. We did not test the reliability of those systems as a whole, therefore any findings identified involving information from those systems were verified with documentation from other sources.

## Internal Controls

In this audit, we performed testing of internal controls significant within the context of our audit objectives. We did not evaluate the internal controls of Charlotte to provide assurance on its internal control structure as a whole. Charlotte's management is responsible for the establishment and maintenance of internal controls in accordance with 2 C.F.R. § 200 Uniform Requirements. Because we do not express an opinion on Charlotte's internal control structure as a whole, we offer this statement solely for the information and use of Charlotte and OJP.<sup>8</sup>

We assessed the operating effectiveness of these internal controls and did not identify any deficiencies that we believe could affect the Charlotte's ability to correctly state financial and performance information, and to ensure compliance with laws and regulations. The internal control deficiencies we found are discussed in the Audit Results section of this report. However, because our review was limited to these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

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<sup>8</sup> This restriction is not intended to limit the distribution of this report, which is a matter of public record.

## APPENDIX 2: Schedule of Dollar-Related Findings

| Description                               | Grant No.       | Amount                | Page |
|---|-----------------|-----------------------|------|
| <b>Questioned Costs:</b>                  | 2020-ZC-BX-0001 |                       |      |
| Unsupported Personnel and Fringe Benefits |                 | \$5,838               | 7    |
|   |                 |                       |      |
| <i>Gross Questioned Costs<sup>9</sup></i> |                 | <i>\$5,838</i>        |      |
| Less Duplicate Questioned Costs           |                 | <u>(0)</u>            |      |
| <b>Net Questioned Costs</b>               |                 | <b>\$5,838</b>        |      |
| <b>TOTAL DOLLAR-RELATED FINDINGS</b>      |                 | <b><u>\$5,838</u></b> |      |

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<sup>9</sup> **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements; are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, the provision of supporting documentation, or contract ratification, where appropriate.

## APPENDIX 3: Republican National Convention Security Support Grant Expenditures

| Description   | Amount                 |
|---|------------------------|
| Police, fire, and public works personnel costs            | \$2,210,956.87         |
| Liability insurance contracts                             | 8,778,692.44           |
| Technology upgrades                                       | 1,407,843.45           |
| Uniforms and gear   | 722,803.33             |
| Fire equipment and protective gear                        | 655,690.75             |
| 250 bicycles and accessories                              | 506,845.34             |
| Police protective and tactical equipment                  | 451,342.87             |
| Cameras and accessories                                   | 444,828.06             |
| Eight utility terrain vehicles and accessories            | 289,493.80             |
| Five pick-up trucks and accessories                       | 252,620.93             |
| 30 motorcycles and accessories                            | 174,672.30             |
| Multiple services contracts                               | 162,418.04             |
| Supplies (office supplies, food, communications)          | 161,402.91             |
| Communications equipment and gear                         | 118,503.89             |
| Specialty munitions                                       | 107,232.30             |
| Amplifier   | 85,940.16              |
| Protective eyewear  | 67,298.75              |
| Two passenger vans including modifications                | 59,058.90              |
| Learning Management System license contract               | 43,750.00              |
| Less-than-lethal munitions                                | 37,846.00              |
| Chemical munitions  | 23,705.00              |
| Tactical Gear   | 12,099.00              |
| Travel  | 8,222.52               |
| Two trailers and accessories for utility terrain vehicles | 5,965.40               |
| Training  | 3,744.09               |
| <b>Total</b>  | <b>\$16,792,977.10</b> |

Source: OJP and Charlotte grant records

# APPENDIX 4: Office of Justice Programs Response to the Draft Audit Report



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

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Washington, D.C. 20531

September 2, 2021

MEMORANDUM TO: Ferris B. Polk  
Regional Audit Manager  
Atlanta Regional Audit Office  
Office of the Inspector General

FROM: Ralph E. Martin *Ralph E. Martin*  
Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Bureau of Justice Assistance 2020 Republican Presidential Candidate Nominating Convention Grant Awarded to Charlotte, North Carolina*

This memorandum is in reference to your correspondence, dated August 16, 2021, transmitting the above-referenced draft audit report for the City of Charlotte (Charlotte). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains three recommendations and \$5,838 in questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by OJP's response.

1. **We recommend that OJP ensures that Charlotte implements processes or procedures that adequately document the grant-funded activities of employees paid from grant funds.**

OJP agrees with the recommendation. We will coordinate with Charlotte to obtain a copy of written policies and procedures, developed and implemented, to ensure that grant-funded activities of employees paid from Federal grant funds are properly documented.

2. **We recommend that OJP remedy \$5,838 in unsupported personnel and fringe benefits costs.**

OJP agrees with the recommendation. We will review the \$5,838 in questioned costs, related to unsupported personnel and fringe benefits costs charged to Grant Number 2020-ZC-BX-0001, and will work with Charlotte to remedy, as appropriate.

3. **We recommend that OJP consider requiring contracts reimbursed from award funds to offer greater flexibility to host cities when emergency situations require termination.**

OJP agrees with the recommendation. We will require that liability insurance contracts reimbursed from future Presidential Candidate Nominating Convention Security grant funds offer the maximum amount of flexibility possible to host cities, when emergency situations require termination.

We appreciate the opportunity to review and comment on the draft audit report. If you have any questions or require additional information, please contact Jeffery A. Haley, Deputy Director, Audit and Review Division, on (202) 616-2936.

cc: Maureen A. Henneberg  
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for Operations and Management

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Office of the Assistant Attorney General

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Office of the Inspector General

OJP Executive Secretariat  
Control Number IT20210816131906

# APPENDIX 5: City of Charlotte Response to the Draft Audit Report

**POLICE**

CHARLOTTE-MECKLENBURG POLICE DEPARTMENT



August 24, 2021

Ferris B. Polk  
Regional Audit Manager  
Atlanta Regional Audit Office  
Office of the Inspector General  
U.S. Department of Justice  
75 Ted Turner Drive Southeast  
Atlanta, Georgia 30303

Dear. Mr. Polk,

On behalf the City of Charlotte and the Charlotte-Mecklenburg Police Department (CMPD), we appreciate the opportunity to review and provide responses to the recommendations from the audit report received August 16, 2021, pertaining to the Bureau of Justice Assistance (BJA) Republican Presidential Candidate Nominating Convention Grant, award number 2020-ZC-BX-0001. Below is the City's response to each of the three recommendations.

1. *Ensure that Charlotte implements processes or procedures that adequately document the grant-funded activities of employees paid from grant funds.*

We agree with this recommendation and will work with OJP to close this recommendation. The transition of the event from Charlotte, North Carolina, to Jacksonville Florida, and back to Charlotte impacted the development of the Citywide timekeeping and payroll policy and procedure specific to the RNC. Specifically, the technology portion of the timekeeping process for the city departments external to CMPD could not be developed in time due to the sudden change of scope that came after the event was removed from and then returned to Charlotte. While recognizing the infeasibility for the City to make needed but tedious technical adjustment in the timekeeping and payroll system for a short, 4-day event, the CMPD provided a remedy that was consistent and flexible without interfering with the various permanent time entry policy adopted by each City department.

The remedy is in a form of a detailed comprehensive spreadsheet that was implemented to intentionally complement the master roster format that we have developed. Early versions of the approved budget included funding for a Scheduling app, but this cost was subsequently removed when budget reductions occurred as a result of the revised scope of the event. A master roster was developed as the answer to this Scheduling app given the short-time frame during which the size and scope of the event changed. Staffing needs were addressed on the master roster and the time entry was recorded on the roster after each shift. This format may be manual, it worked effectively for all City departments to ensure all RNC hours are recorded consistently. The same sheet was audited/corrected and approved by specially assigned personnel prior to being entered by City of Charlotte Human Resources into the payroll system for the weekly payroll run. Every step of this

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process was carefully executed as described on the RNC Scheduling and Payroll Process and flowchart that we established prior to the event.

2. *Remedy \$5,838 in unsupported personnel and fringe benefits costs.*

We agree with this recommendation and will work with OJP to close this recommendation. It should be stated that the personnel and fringe benefit costs in question supported Public Safety IT employees who performed essential work to ensure that all mission-critical technology and software remained operational throughout the event period. Due to the issues discussed previously in response to Recommendation 1, our timekeeping software could not be configured in time to account electronically for the time these employees worked.

3. *Consider requiring contracts reimbursed from award funds to offer greater flexibility to host cities when emergency situations require termination.*

We agree with this recommendation. However, we do not believe that OJP or BJA were in the position to give or provide greater flexibility; rather, this was issue of what the insurance brokers would allow. The City of Charlotte did not feel comfortable reducing the coverage amount based on what could have happened if demonstrations had occurred, and OJP was supportive of the decision.

Should you or your office have any further comments or if you require clarification, please contact Deputy Chief Steven Brochu at [Steven.Brochu@cmpd.org](mailto:Steven.Brochu@cmpd.org) or 704-614-6799.

Sincerely,

Johnny Jennings  
Chief of Police

cc: Vi Lyles  
Mayor  
City of Charlotte

Steven Brochu  
Deputy Chief  
Charlotte-Mecklenburg Police Department

Michael Adams  
Major  
Charlotte-Mecklenburg Police Department

Morgan Parks  
Management Analyst Senior  
Charlotte-Mecklenburg Police Department

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## **APPENDIX 6: Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Audit Report**

The Office of the Inspector General (OIG) provided a draft of this audit report to the Office of Justice Programs (OJP) and the City of Charlotte. OJP's response is incorporated in Appendix 4 and Charlotte's response is incorporated in Appendix 5 of this final report. In response to our draft audit report, OJP and Charlotte agreed with our recommendations and discussed the actions that will be implemented to address our findings, and as a result, the status of this audit report is resolved. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

### **Recommendations for OJP:**

- 1. Ensures that Charlotte implements processes or procedures that adequately document the grant-funded activities of employees paid from grant funds.**

Resolved. OJP agreed with our recommendation. In its response, OJP stated that it will coordinate with Charlotte to obtain a copy of written policies and procedures, developed and implemented, to ensure that grant-funded activities of employees paid from federal grant funds are properly documented. Charlotte also agreed with our recommendation and stated that the transition of the event from Charlotte to Jacksonville, Florida, and back to Charlotte effected the development of the city-wide timekeeping process for the city departments external to the Republican National Convention (RNC). Charlotte stated that the technology portion of the timekeeping process for those departments could not be developed in time because of the sudden change of scope after the event was removed from and then returned to Charlotte. Charlotte stated that the Charlotte-Mecklenburg Police Department provided a consistent and flexible timekeeping remedy without interfering with the permanent time entry policy adopted by each city department. Charlotte stated that the remedy was a detailed comprehensive spreadsheet implemented to complement a master roster format. Early versions of the approved budget included funding for a scheduling application, but that cost was removed when budget reductions occurred as a result of the revised event scope, and a master roster was developed instead. Staffing needs were addressed on the master roster and the time entry was recorded on the roster after each shift. Charlotte stated that this worked effectively to ensure all RNC hours were recorded consistently. Charlotte also stated that the roster was audited, corrected, and approved prior to being entered in the payroll system for a weekly payroll run. Charlotte stated that every step of this process was carefully executed as described on the RNC Scheduling and Payroll Process and flowchart established prior to the event.

This recommendation can be closed when we review documentation of Charlotte's implementation of processes or procedures that adequately document the grant-funded activities of employees paid from grant funds.

- 2. Remedy \$5,838 in unsupported personnel and fringe benefits costs.**

Resolved. OJP agreed with our recommendation. In its response, OJP stated that it will review the \$5,838 in questioned costs, related to unsupported personnel and fringe benefits costs charged to

Grant Number 2020-ZC-BX-0001, and will work with Charlotte to remedy, as appropriate. Charlotte also agreed with our recommendation and stated the personnel and fringe benefits cost in question supported Public Safety Information Technology employees who performed essential work to ensure that all mission-critical technology and software remained operational throughout the event. Charlotte also stated that, because of the issues discussed in response to recommendation 1, timekeeping software could not be configured in time to account electronically for the time these employees worked.

This recommendation can be closed when we review documentation showing that the unsupported personnel and fringe benefits costs have been remedied.

**3. Consider requiring contracts reimbursed from award funds to offer greater flexibility to host cities when emergency situations require termination.**

Resolved. OJP agreed with our recommendation. In its response, OJP stated that it will require that liability insurance contracts reimbursed from future Presidential Candidate Nominating Convention Security grant funds offer the maximum amount of flexibility possible to host cities, when emergency situations require termination. Charlotte also agreed with our recommendation and stated that it does not believe that OJP or the Bureau of Justice Assistance were in a position to give or provide greater flexibility because this was an issue of what the insurance brokers would allow. Charlotte also said that it did not feel comfortable reducing the coverage amount based on what could have happened if demonstrations had occurred, and that OJP was supportive of the decision.

This recommendation can be closed when we review documentation that OJP's considered requiring contracts reimbursed from award funds to offer greater flexibility of host cities when emergency situations require termination.