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# IMPROVE STATE MANAGEMENT OF FINANCIAL PROGRAMS FOR LOCAL LAW ENFORCEMENT AGENCIES

Texas has many programs that provide financial support to local law enforcement agencies. This report inventories programs for which the state provides General Revenue Funds and General Revenue–Dedicated Funds to communities for local policing activities and evaluates the management processes used by the administering agencies, which employ different funding structures, formulas, administrative requirements, and levels of evaluation. There are opportunities to improve oversight and consolidate administration of these financial programs.

For the 2018–19 biennium, the Legislature appropriated \$156.4 million in All Funds to the three agencies that administer these programs: the Office of the Governor, the Automobile Burglary and Theft Prevention Authority, and the Comptroller of Public Accounts. The Office of the Governor administers seven local law enforcement grant programs, the most of any agency within the scope of this report. Appropriations for these reimbursement grant programs at the Office of the Governor totaled \$116.6 million in All Funds for the 2018–19 biennium. The Texas Department of Motor Vehicles administers the Automobile Burglary and Theft Prevention Authority, and the agency received appropriations of \$25.7 million in General Revenue Funds for the 2018–19 biennium to administer reimbursement grants. The Comptroller of Public Accounts received appropriations of \$12.0 million in General Revenue–Dedicated Funds for the 2018–19 biennium to allocate formula-based Law Enforcement Officer Standards and Education funding for training and continuing education.

## FACTS AND FINDINGS

- ◆ State law and administrative rule require agencies to conduct programmatic and financial monitoring of grant funds to ensure compliance with laws and program rules and to report to the Legislature. Similarly, grant recipients must document their use of grant funds to ensure that they are achieving performance goals and that grant-supported activities comply with applicable federal and state requirements.
- ◆ All three administering agencies are in compliance with statute regarding grant management.

- ◆ In 2004, the State Auditor’s Office found instances of inappropriate Law Enforcement Officer Standards and Education expenditures, and found that local law enforcement agencies had not established proper financial controls.

## CONCERNS

- ◆ The Comptroller of Public Accounts administers one law enforcement funding program and has established separate processes for this unique function. These processes already occur at the Office of the Governor for other law enforcement programs and, therefore, could be more efficiently performed at that agency.
- ◆ Oversight at the Comptroller of Public Accounts includes a form completed by recipients attesting to the proper use of funds. However, statute requires no additional verification, which results in a risk that recipients could use funds inappropriately.
- ◆ Statute does not specify how recipients must deposit Law Enforcement Officer Standards and Education funds; therefore, their use by recipients can be difficult to track. For example, some recipients hold lapsed funds outside of a local government treasury, and others combine the lapsed funding with local general funds.

## OPTIONS

- ◆ **Option 1** has the following two components to increase efficiency and oversight of the administration of Law Enforcement Officer Standards and Education funding:
  - **Option 1–A:** Amend statute and include a rider in the 2020–21 General Appropriations Bill to transfer the oversight responsibility of Law Enforcement Officer Standards and Education from the Comptroller of Public Accounts to the Office of the Governor. The transfer of funding would be contingent on the enactment of legislation transferring the program; and
  - **Option 1–B:** Amend statute to require recipients of Law Enforcement Officer Standards and Education funds of \$50,000 or greater to submit

documentation annually for review by the Office of the Governor to ensure the appropriateness of expenditures.

- ◆ **Option 2:** Amend statute to require Law Enforcement Officer Standards and Education funding recipients to maintain these funds in a separate account within a local government's treasury.

## DISCUSSION

Historically, the Legislature has established multiple programs that provide financial support to local law enforcement agencies. Although each program is intended for a specific purpose, all programs involve varying degrees of state and local coordination, which depend on efficient and effective management standards and processes. Legislative Budget Board (LBB) staff reviewed management practices and fiscal data relevant to programs administered by state agencies that provide state funds primarily to municipal police and county sheriffs' departments.

These programs include financial assistance to police or sheriffs' departments for local law enforcement training and regular policing activities during the past three biennia. Fiscal data focuses on grants funded with General Revenue Funds or General Revenue–Dedicated Funds. Grants to other entities within the justice system, such as crime labs, courts, jails, probation departments, victims' services organizations, or other state agencies are not included. Grants that are fully federally funded are excluded. Furthermore, this report does not evaluate the outcomes of these grants or whether the standards and goals for these programs align with best practices.

### AGENCIES ADMINISTERING FUNDS FOR LOCAL LAW ENFORCEMENT

Three agencies administer state funds that provide financial assistance to local law enforcement. This financial assistance is used for various purposes including training, equipment, and additional staff or investigative activities.

#### OFFICE OF THE GOVERNOR

The Office of the Governor administers multiple grant programs to law enforcement agencies across Texas, including seven programs that provide state funds to police and sheriffs' offices for policing activities. These grant programs are administered by the Office of the Governor's Criminal Justice Division (CJD) and the Homeland Security Grants Division (HSGD).

CJD's goal is to improve public safety and support crime victims through prevention and support services. HSGD aims to prevent terrorism and catastrophes and to prepare communities for hazards that could threaten state and national security. HSGD also funds grants to increase security along the Texas–Mexico and international water borders. These grants provide resources for increased patrols to detect, deter, and disrupt drug, human, and other contraband trafficking and crimes.

These divisions support a range of projects in the juvenile and criminal justice systems. **Figure 1** shows appropriations to the seven grant programs that CJD and HSGD administer from fiscal years 2014 to 2019.

General Revenue–Dedicated Account No. 421, Criminal Justice Planning (Account No. 421), supports a range of activities, including those related to specialty courts, law enforcement training, juvenile justice, prosecution, victims' services, and offender reentry into communities. According to CJD, 116 programs received grant awards totaling \$13.5 million from Account No. 421 during fiscal year 2017. Of this amount, \$217,818 was awarded to local law enforcement departments. The remaining funds were awarded to other grant recipients such as regional councils of government, courts, or nonprofit organizations.

### AUTOMOBILE BURGLARY AND THEFT PREVENTION AUTHORITY

The Seventy-second Legislature, Regular Session, 1991, established the Texas Automobile Theft Prevention Authority (ATPA) as the first statewide initiative to decrease automobile theft. The Eightieth Legislature, 2007, expanded the scope of the program to include the decrease of vehicle burglaries. The program's name changed to the Automobile Burglary and Theft Prevention Authority (ABTPA), which the Texas Department of Motor Vehicles (DMV) administers.

State law requires insurance companies to pay a \$2.00 fee for each motor vehicle insurance policy written in Texas. These fees are deposited into the General Revenue Fund, and 50.0 percent of each fee collected may be appropriated to ABTPA for purposes specified in statute. Funds collected but not appropriated remain in the General Revenue Fund. ABTPA funds may be used to help increase the recovery rate of stolen motor vehicles, the clearance rate of motor vehicle burglaries and thefts, and the number of persons arrested for motor vehicle burglary and theft. As established in the Texas Revised Civil Statutes Annotated, Article 4413 (37), Section 6(k), ABTPA allocates funds based on the number of motor

**FIGURE 1  
APPROPRIATIONS TO GRANT PROGRAMS ADMINISTERED BY THE OFFICE OF THE GOVERNOR, FISCAL YEARS 2014 TO 2019**

PROGRAM	PROGRAM DESCRIPTION	METHOD OF FINANCE	APPROPRIATIONS (IN MILLIONS)					
			2014	2015	2016	2017	2018	2019
Texas Anti-gang Grant Program	Supports targeted, regional approaches to combat gang violence by coordinating prevention, intervention, and suppression activities.	General Revenue Funds	N/A	N/A	\$5.1	\$5.1	\$5.1	\$5.1
Body-worn Cameras	Supports municipal police departments and county sheriffs' offices to establish or enhance body-worn camera programs that promote officer safety and transparency.	General Revenue Funds	N/A	N/A	\$10.0	N/A	N/A	N/A
Rifle-resistant Body Armor Grant Program	Supports obtaining body armor, including bullet-resistant vests, ballistic plates, and plate carriers.	Other Funds (Economic Stabilization Fund)	N/A	N/A	N/A	N/A	\$25.0	UB (1)
Local Border Security Program	Supports interagency law enforcement operations and patrols to deter and interdict criminals.	General Revenue Funds	N/A	N/A	\$5.1	\$5.1	\$5.1	\$5.1
Internet Crimes Against Children	Supports investigation of Internet crimes against children through task forces made up of multiagency law enforcement personnel from cities across Texas.	General Revenue Funds	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8
National Incident-based Reporting System (NIBRS) Program	Supports law enforcement agencies transitioning to incident-based crime reporting from the Summary Reporting System to NIBRS.	General Revenue–Dedicated Account No. 5153, Emergency Radio Infrastructure	N/A	N/A	\$8.2	\$8.2	\$9.2	UB (2)
Criminal Justice Planning Fund	Addresses system inadequacies throughout the criminal justice system.	General Revenue–Dedicated Account No. 421, Criminal Justice Planning	\$24.7	\$24.7	\$32.8	\$27.8	\$30.2	\$30.2

NOTES:

(1) Any unexpended balances (UB) remaining in the appropriation for the Rifle-resistant Body Armor Grant Program at the conclusion of fiscal year 2018 are appropriated for the purchase of bullet-resistant personal body armor for fiscal year 2019.

(2) Unexpended and unobligated balances remaining as of August 31, 2017, estimated to be \$9.2 million, in General Revenue–Dedicated Account No. 5153, Emergency Radio Infrastructure, were appropriated for the 2018–19 biennium to provide grants to local law enforcement agencies for upgrading technology infrastructure to implement incident-based reporting.

SOURCES: Legislative Budget Board; Office of the Governor.

vehicles stolen or the motor vehicle burglary or theft rate. All ABTPA grants are reimbursement grants that require recipients to contribute a minimum 20.0 percent cash match. **Figure 2** shows recent appropriations for ABTPA.

Based on the findings of DMV's 2014 internal audit, ABTPA was restructured to improve grant monitoring standards, including the following changes:

- updating administrative rules;
- redeveloping goals and objectives;

- implementing merit-based award selection;
- updating single-audit requirements and tracking grant recipients' expenses;
- improving reporting requirements and sanctions;
- improving the processes for requests for funds and grant adjustment;
- assigning authorized grant recipient officials' roles;

- updating closeout procedures and fostering strategic partnerships; and
- streamlining grant recipients’ training, deadlines, and technology, and refining ABTPA skill sets.

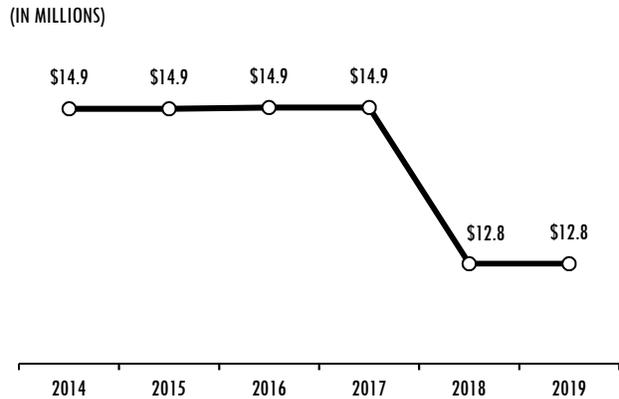
**COMPTROLLER OF PUBLIC ACCOUNTS**

The General Revenue–Dedicated Account No. 116, Law Enforcement Officer Standards and Education (Account No. 116), is a dedicated account in the state Treasury. The Comptroller of Public Accounts (CPA) collects and deposits proceeds from court costs into the account. The General Appropriations Act specifies appropriations to CPA for the total amount to be distributed to local law enforcement agencies. The agencies must use the funds to provide continuing education for law enforcement. As established in the Texas Occupations Code, Section 1701.157(a), 20.0 percent of the funds collected are divided equally among all local law enforcement agencies in Texas. The remaining 80.0 percent is distributed according to the number of officers per department that work more than 32.0 hours per week and receive compensation and benefits offered by government entities. The Legislature has appropriated \$6.0 million each fiscal year from Account No. 116 from fiscal years 2014 to 2019.

**AGENCIES’ MONITORING AND REPORTING ACTIVITIES**

Each agency that distributes funds to support local law enforcement entities has established a system to monitor the use of funds. **Figure 3** shows each agency’s monitoring activities.

**FIGURE 2  
AUTOMOBILE BURGLARY AND THEFT PREVENTION  
AUTHORITY APPROPRIATIONS FROM GENERAL REVENUE  
FUNDS  
FISCAL YEARS 2014 TO 2019**



SOURCES: Legislative Budget Board; Texas Department of Motor Vehicles.

**Figures 4** and **5**, respectively, show the number of desk reviews, site visits, and post-payment reviews that the Office of the Governor and ABTPA conducted from fiscal years 2013 to 2017. Statute does not require CPA to conduct desk or site reviews.

**DOCUMENT SUBMISSION TOOLS**

The Office of the Governor integrates grant management through an online system called eGrants. Grant recipients and applicants can obtain grant-related resources from the

**FIGURE 3  
MONITORING TECHNIQUES OF LAW ENFORCEMENT FUNDING AT SELECT AGENCIES, JUNE 2018**

TECHNIQUE	COMPTROLLER OF PUBLIC ACCOUNTS	AUTOMOBILE BURGLARY AND THEFT PREVENTION AUTHORITY	OFFICE OF THE GOVERNOR
Audit Authority	X	X	X
Certification	X	X	X
Desk Review		X	X
Financial Reporting	X	X	X
Inventory Reporting	N/A	X	X
Progress Reporting		X	X
Site Review		X	X
Supplanting Check		X	

NOTE: The Texas Occupations Code, the Texas Revised Civil Statutes Annotated, the Texas Government Code, and administrative rule require agency program funds to be nonsupplanting; however, not all programs require local match contributions. Therefore, a supplanting check may not be applicable, and an agency does not perform this activity. Statute does not require the Comptroller of Public Accounts to perform additional monitoring such as desk reviews or site visits.  
SOURCE: Legislative Budget Board.

**FIGURE 4**  
**OFFICE OF THE GOVERNOR'S PROGRAM AND FINANCIAL MONITORING**  
**FISCAL YEARS 2013 TO 2017**

YEAR	PROGRAM DESK REVIEW	PROGRAM SITE REVIEW	FINANCIAL DESK REVIEW	FINANCIAL SITE REVIEW	FINANCIAL POST-PAYMENT REVIEW
2013	2	0	0	0	3
2014	1	0	1	0	1
2015	0	0	2	0	0
2016	1	0	11	3	4
2017	6	1	8	2	0

SOURCE: Office of the Governor.

website, such as information on available funding opportunities and grant and financial management guides. After an applicant has registered in the system, authorized grant officials at the applying agency use eGrants to submit grant project information to the Office of the Governor for review.

ABTPA provides an online grant-management tracking system on its website, which serves as an interface between grantors and recipients.

To receive Law Enforcement Officer Standards and Education funding from Account No. 116, eligible law enforcement agencies must submit an allocation basis form to CPA. Allocations are made based upon the law enforcement agency's response, in accordance with statute. CPA maintains a database of these local law enforcement agencies.

**NONSUPPLANTING CONTROLS**

Each program analyzed in this report prohibits the use of state grant funds to replace or supplant local funds. Each agency has its own approach to address the supplanting of funds. For example, the Texas Occupations Code, Section 1701.157(e), requires recipients of Law Enforcement Officer Standards and Education funding from Account No. 116 to certify to CPA that the funds do not replace local funds for training law enforcement officers and support personnel. The Texas Government Code also requires that CJD funds do not supplant local funds. According to the Office of the Governor, grant agreements require grant recipients to certify that they will not supplant funds. Other documents from the Office of the Governor also instruct grant recipients not to supplant funds.

ABTPA rule also prohibits grant funds from supplanting local funds, and the agency specifies this prohibition in grant agreements. However, unlike CPA and the Office of the

**FIGURE 5**  
**AUTOMOBILE BURGLARY AND THEFT PREVENTION**  
**AUTHORITY'S PROGRAM AND FINANCIAL MONITORING**  
**FISCAL YEARS 2014 TO 2017**

YEAR	DESK REVIEW	SITE VISIT
2014	26	4
2015	10	1
2016	24	12
2017	9 (1)	6

NOTE: (1) As of July 2018, the Automobile Burglary and Theft Prevention Authority had conducted nine comprehensive annual financial report desk reviews for fiscal year 2017.

SOURCE: Automobile Burglary and Theft Prevention Authority, 2018.

Governor, ABTPA employs a supplanting check. ABTPA confirms grant recipients' proposed match and in-kind match contributions by expense category using historical recipient data for reimbursement grants. The supplanting check includes a match-ratio analysis, which informs a risk assessment. The analysis does not disqualify or preclude an applicant or grant recipient from receiving reimbursement, but it could prompt further inquiry. Although this analysis can be performed only with historical expenditure data, it can help to mitigate the risk of supplantation.

**RISK ASSESSMENT**

To strengthen grant monitoring, each of the three agencies developed a risk assessment to identify high-risk grant applicants. The results of these risk assessments are used to determine if additional monitoring is needed throughout the grant cycle. For reimbursement grants, high-risk grant recipients are more likely to undergo either a programmatic or financial review.

Office of the Governor staff have developed a financial risk-assessment system, which scores and weighs the following criteria:

- date of the recipient's last Office of Compliance and Monitoring review;
- history of noncompliance;
- cumulative award amount of all recipients' CJD and HSGD grants active anytime within the preceding calendar year; and
- total number of recipients' CJD and HSGD grants active within the preceding calendar year.

An ABTPA assessment considers the following risk factors:

- unsatisfactory performance history;
- noncompliance with terms and conditions of grant award;
- habitually late submission of required reports; and
- late submission of fourth-quarter expenditure reports.

According to CPA, the two risk factors that may lead to additional scrutiny of grant recipients are failure to submit the report form and overreporting the number of qualified positions.

### **SANCTIONS**

Each of the three agencies has developed sanctions or other consequences to help ensure that grant recipients meet program requirements.

If the Office of the Governor determines that a grant recipient materially fails to comply with any term of the grant agreement, sanctions may include the following actions: imposing a Corrective Action Plan (CAP); withholding grant funds; suspending or terminating grants; prohibiting the grant recipient from applying for or receiving additional grants until repayment is made and any other compliance or audit finding is satisfactorily resolved; or other appropriate measures.

According to ABTPA, if any findings are identified as a result of a comprehensive annual financial report (CAFR) review, a desk review, or an onsite visit, the grant recipient is required to submit either a written response that disputes the finding or a CAP specifying how it intends to remedy the finding. In addition to the CAP, sanctions set by the ABTPA board may

include increased monitoring, withholding of funds, or grant revocation.

Because statute refers to Law Enforcement Officer Standards and Education funding as an allocation and not a grant, CPA does not impose sanctions. However, according to CPA, to receive this funding, eligible entities must submit the allocation basis form to CPA. The information provided in this form must be returned in a timely manner to ensure the correct allocation of available funding. An agency that fails to return the form does not receive an allocation.

### **ADMINISTRATION AND STRUCTURE OF ACCOUNT NO. 116, LAW ENFORCEMENT OFFICER STANDARDS AND EDUCATION**

CPA's oversight consists of recipients completing a form attesting to the proper use of funds. Statute requires no additional verification, which results in a risk that recipients could use funds inappropriately. Additionally, because CPA does not administer other grants to law enforcement agencies, CPA has to maintain contacts and processes specifically for this function.

The Office of the Governor has experience working with law enforcement agencies and has the infrastructure in place to coordinate with law enforcement (i.e., eGrants and the Criminal Justice Division). The Office of the Governor also employ a risk-based allocation methodology and sanctions that would enable the agency to administer Law Enforcement Officer Standards and Education funding from Account. No. 116 effectively. Option 1–A would amend the Texas Occupations Code and include a rider in the 2020–21 General Appropriations Bill to transfer the oversight and funding of continuing education funds from CPA to the Office of the Governor. The transfer of funding would be contingent on the enactment of legislation transferring the program.

To ensure the appropriateness of expenditures, Option 1–B would amend the Texas Occupations Code to require recipients of funds from Account No. 116 of \$50,000 or greater to submit documentation (e.g., receipts, training logs, certificates, or invoices) annually for the Office of the Governor to review. For fiscal year 2016, 2,021 agencies received these allocations, which averaged \$593.77 per award. Among these agencies, 12 allocations were greater than \$50,000; therefore, only these agencies would be required to substantiate their affidavits.

**FUNDS OUTSIDE THE LOCAL TREASURY**

In 2004, the State Auditor's Office (SAO) audited Account No. 116. The audit results included the following findings:

- a significant number of local law enforcement agencies lacked controls to ensure that unspent Law Enforcement Officer Standards and Education (LEOSE) funds allocated from Account No. 116 are retained and spent only for the statutory purpose;
- some jurisdictions appeared to have used LEOSE funds allocated from Account No. 116 to supplant local funding for continuing education; and
- a significant number of agencies retained funds allocated from Account No. 116 outside of their jurisdictions' treasuries, which could make tracking funds difficult.

When a government entity combines LEOSE and local funding, it can be difficult to determine whether it has spent the LEOSE funding before spending the local funds. This combining of funding from different sources hinders the entity's ability to ensure that it retains any unspent LEOSE funds allocated from Account No. 116 at the end of a fiscal period and to spend those funds for the intended purpose only.

Although this audit occurred in 2004, these risks remain because statute does not require a separate account for funding allocated from Account No. 116 within a local government's treasury. According to SAO, establishing a separate fund would be a preferred way for agencies to safeguard the funds and to meet other statutory requirements. Option 2 would amend statute to require LEOSE recipients to maintain funds allocated from Account No. 116 in a separate account within a local government's treasury.

**FISCAL IMPACT OF THE OPTIONS**

Option 1–A would transfer the oversight responsibility of funding allocated from Account No. 116 from CPA to the Office of the Governor, and Option 1–B would require the Office of the Governor to review additional documentation for recipients of amounts greater than \$50,000. No net fiscal impact is anticipated as a result of Option 1–A and Option 1–B. According to CPA, removing this responsibility would not significantly decrease staff costs because these staff also work on several other programs. This option assumes that the Office of the Governor could absorb costs related to the transfer of responsibility. The transfer of funding would be

contingent on the enactment of legislation to transfer the program to the Office of the Governor.

Option 2 would require LEOSE recipients to maintain LEOSE funds in a separate account within a local government's treasury. No fiscal impact is anticipated as a result of Option 2.

The introduced 2020–21 General Appropriations Bill does not include any adjustments as a result of these options.