

**STATE OF DELAWARE**  
**OFFICE OF**  
**AUDITOR OF ACCOUNTS**

**POLICE ATHLETIC LEAGUE OF**  
**WILMINGTON**

**STATE GRANTS**

**SPECIAL INVESTIGATION**



**FIELDWORK END DATE: APRIL 8, 2009**

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State of Delaware  
Office of Auditor of Accounts  
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**At a Glance**

*Working Hard to Protect YOUR Tax Dollars*

#### Why We Did This Review

The Office of Auditor of Accounts (AOA) received the following hotline allegations regarding the Police Athletic League of Wilmington (PALW):

1. Grant-in-Aid funds were not used properly.
2. In 2006, PALW improperly refused to provide emergency shelter to fire victims.

#### Background

Police Athletic League (PAL) was founded in 1914 by Captain John Sweeney, commanding officer of a Lower East Side police precinct in New York City. The PAL mission remains unchanged - to keep young people out of trouble by channeling their energies into recreational and athletic programs.

PALW, Inc. opened its doors to the community in June, 2002. Since then, the number of citizens served and the variety of programs offered continue to increase.

**For further information on this release, please contact:**

**Christopher Cooper**  
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## **POLICE ATHLETIC LEAGUE OF WILMINGTON - STATE GRANTS**

### **What We Found**

PALW received State funds from Prestige Academy, Department of Health and Social Services (DHSS), Criminal Justice Council (CJC), Department of Services for Children, Youth and Their Families (DSCYF), and Grant-in-Aid. AOA determined funds were used properly except for the following:

- CJC - PALW incorrectly double-reported two expenditures totaling \$138.
- As of December 31, 2008, PALW's bank balance was \$43,001.11. The bank balance was \$11,824.93 less than what should have remained from the State grants received. This gives the appearance that funds were not used for the intended purpose.

### **What We Recommend**

PALW should:

- Correct its accounting records and repay \$138 to CJC.
- Restrict the use of State funds to the intended purpose of the State programs.

**Please read the complete report for a full list of findings/recommendations and to review PALW's response to our findings.**

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# AUDIT AUTHORITY

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Title 29, Del. C. c. 29 authorizes the Auditor of Accounts to file written reports containing:

1. Whether all expenditures have been for the purpose authorized in the appropriations;
2. Whether all receipts have been accounted for and paid into the State Treasury as required by law;
3. All illegal and unbusinesslike practices;
4. Recommendations for greater simplicity, accuracy, efficiency, and economy; and
5. Such data, information, and recommendations as the Auditor of Accounts may deem advisable and necessary.

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# ALLEGATION AND BACKGROUND

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## ALLEGATION

The Office of Auditor of Accounts (AOA) received the following hotline allegations regarding the Police Athletic League of Wilmington (PALW):

1. Grant-in-Aid funds were not used properly.
2. In 2006, PALW improperly refused to provide emergency shelter to fire victims.

## BACKGROUND

Police Athletic League (PAL) was founded in 1914 by Captain John Sweeney, commanding officer of a Lower East Side police precinct in New York City. The PAL mission remains unchanged - to keep young people out of trouble by channeling their energies into recreational and athletic programs.

PALW opened its doors to the community in June, 2002. Since then, the number of citizens served and the variety of programs offered continue to increase.

PALW's mission is:

- To prevent crime by providing youth with supervised athletic, educational, and social development activities;
- To build positive relationships between youth and police officer role-models;
- To reach out to youth with programs that address the holistic wellness of the underserved;
- To encourage community participation in programs that support life-learning experiences.

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# OBJECTIVES, SCOPE, & METHODOLOGY

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## **OBJECTIVES**

The objective of the investigation was to determine if program objectives and grant stipulations were met by PALW and properly supported.

## **SCOPE**

The scope of the investigation was (a) for the period of July 1, 2005 through December 31, 2006 for the allegation regarding emergency shelter and (b) July 1, 2007 through December 31, 2008 for the allegation regarding improper use of Grant-in-Aid Funds. AOA reviewed support for 100% of State funds received by PALW from July 1, 2007 through December 31, 2008.

The investigation was performed in accordance with the President's Council on Integrity and Efficiency, *Quality Standards for Investigations*.

## **METHODOLOGY**

Investigative techniques included:

- Interviews and inquiry.
- Inspection and confirmation of documentation.

# CONCLUSIONS

Allegation	Results of Testing	Conclusion
<p>Grant-in-Aid funds were not used properly.</p>	<p>AOA reviewed and tested documentation for all State funding received by PALW.</p> <p><u>Prestige Academy Lease</u>            PALW and Prestige Academy entered into a lease agreement whereby Prestige Academy leased certain areas within PALW for the purpose of providing educational services to students. All payments received by PALW were in accordance with the contract terms.</p> <p><u>Department of Health and Social Services (DHSS) - Purchase of Care</u>            AOA determined that attendance records were maintained by PALW and submitted to DHSS. While there were instances in which PALW did not timely submit attendance records to DHSS (greater than fifteen days), all payments were received and in accordance with contract terms.</p> <p><u>Criminal Justice Council (CJC)</u>            AOA determined that program objectives and grant stipulations were met by PALW and properly supported. PALW incorrectly double-reported two expenditures totaling \$138.</p> <p><u>Department of Services for Children, Youth and Their Families (DSCYF)- Pass-through Grant</u>            AOA reviewed 100% of expenditures paid during the period of July 1, 2007 through December 31, 2008 and determined all expenditures were accurate and were supported with adequate documentation.</p> <p>The FY08 and FY09 Budget Act directs that: "The recipient of said funds shall provide a quarterly report to the Director of the Office of Management and Budget, Controller General, and the Department of Services for Children, Youth and Their Families. This report shall include, but not be limited to, the following: the number of clients served and/or treated, and a summary of expenditures of said funds."</p>	<p>Partially Substantiated</p>

# CONCLUSIONS

Allegation	Results of Testing	Conclusion
	<p>AOA reviewed all quarterly reports sent during the period of July 1, 2007 through December 31, 2008 and determined the reports were accurate; however, were prepared and sent in an untimely manner.</p> <p>AOA reviewed PALW bank statements and determined as of December 31, 2008, PALW's bank balance was less than what should have remained from the DSCYF Pass-through Grant received.</p> <p><u>State Treasurer - Grant-in-Aid</u> AOA completed a review of expenditures paid during the period of July 1, 2007 through December 31, 2008 and determined that all expenditures paid were allowable and supported with adequate documentation.</p> <p>AOA reviewed PALW bank statements and determined as of December 31, 2008, PALW's bank balance was less than what should have remained from the State Treasurer Grant-in-Aid funds received.</p>	
In 2006, PALW improperly refused to provide emergency shelter to fire victims.	Per review of documentation surrounding the event specified in the allegation, AOA determined the PALW provided shelter to the fire victims. In addition, non-profit funds were used to reimburse PALW. State funds were not used.	Unsubstantiated

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# FINDINGS AND RECOMMENDATIONS

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## **Finding #1 – Criminal Justice Council Grant - Overpayment**

### **Criteria**

Special conditions of the grant with CJC require that PALW submit quarterly and final fiscal reports detailing actual expenditures.

### **Condition**

PALW submitted a final report to CJC detailing expenditures totaling \$12,931. Actual expenditures for the CJC grant totaled \$12,793.

### **Cause**

PALW double-counted \$38 and \$100 in expenditures for trophies and incentives, respectively.

### **Effect**

PALW received \$138 in CJC funds to which it was not entitled.

### **Recommendation**

PALW correct its accounting records and repay \$138 to CJC.

### **Auditee Response**

The PALW agrees to your findings of the overpayment of \$138.00. We will repay \$138.00 to CJC and correct our accounting records.

## **Finding #2 – Use of State Funds**

### **Criteria**

State funds are awarded for specific purposes. The funds are to be used for the intended program, including direct program costs and when allowable, administrative/operating costs directly attributable to the program.

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# FINDINGS AND RECOMMENDATIONS

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## Condition

As of December 31, 2008, PALW had the following activity related to Fiscal Year 2009 DSCYF Pass-through funding and Grant-in-Aid funding:

	<u>DSCYF</u>		
	<u>Pass Through</u>	<u>Grant-in-Aid</u>	<u>Total</u>
State funds received	\$92,000.00	\$14,475.00	\$106,475.00
State funds expended	46,826.19	4,822.77	51,648.96
Remaining State funds	<u>\$45,826.19</u>	<u>\$ 9,652.23</u>	<u>\$ 54,826.04</u>

The funds expended represent those expenditures charged to and attributable to the Pass-through and Grant-in-Aid programs in QuickBooks, PALW's accounting system.

As of December 31, 2008, PALW's bank balance was \$43,001.11. The bank balance was \$11,824.93 less than what should have remained from the State grants received. This gives the appearance that funds were not used for the intended purpose.

## Cause

PALW, like many non-profit organizations, typically does not maintain large bank balances. As funds are received, the funds are utilized where needed. In this case, the Pass-through and Grant-in-Aid funds were partially used to fund operating costs. However, as other funds are received on a monthly basis, the funds are replenished and used for the benefit of the State programs.

## Effect

PALW is relying on income from other revenue sources to complete the State programs. In previous years this was not an issue; however, with a declining economy, not restricting the funds and 'borrowing' of State funds may result in State programs not being completed.

## Recommendation

PALW restrict the use of State funds to the intended purpose of the State programs.

## Auditee Response

PALW agrees with the findings that pass-through and Grant-in-Aid funds were partially used to fund operating costs. We agree to restrict the use of State funds to the intended purpose of the State programs.

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# DISTRIBUTION OF REPORT

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Copies of this report have been distributed to the following public officials:

Executive

The Honorable Jack A. Markell, Governor, State of Delaware

Legislative

The Honorable Russell T. Larson, Controller General, Office of the Controller General

Other Elective Offices

The Honorable Joseph R. Biden III, Attorney General, Office of the Attorney General

Other

Joel V. Coppadge, Board President, Police Athletic League of Wilmington