



**AUDIT OF THE NATIONAL INSTITUTE OF JUSTICE
AWARDS TO THE
METROPOLITAN POLICE DEPARTMENT
WASHINGTON, D.C.**

U.S. Department of Justice
Office of the Inspector General
Audit Division

Audit Report GR-30-14-003
June 2014

AUDIT OF THE NATIONAL INSTITUTE OF JUSTICE AWARDS TO THE METROPOLITAN POLICE DEPARTMENT WASHINGTON, D.C.

EXECUTIVE SUMMARY

The Department of Justice Office of the Inspector General (OIG) has completed an audit of National Institute of Justice (NIJ) cooperative agreements numbered 2011-DN-BX-K431 (\$483,515) and 2012-DN-BX-0066 (\$430,520), awarded to the District of Columbia's Metropolitan Police Department (MPD). The NIJ funding was part of the fiscal years 2011 and 2012 DNA Backlog Reduction Program. The goal of the DNA Backlog Reduction Program is to assist eligible States and units of local government in reducing the number of forensic DNA and DNA database samples awaiting analysis.¹

The objective of the audit was to determine whether costs claimed under the cooperative agreements 2011-DN-BX-K431 and 2012-DN-BX-0066 are allowable, reasonable, and complied with applicable laws, regulations, guidelines, and the terms and conditions. To accomplish this objective, we reviewed cooperative agreement performance in the following key areas and activities: (1) internal control environment, (2) federal financial reports and progress reports, (3) drawdowns, (4) budget management and control, (5) expenditures, (6) contract management, and (7) program performance.

Our audit found that the transactions were in general, properly authorized, supported, and charged to the cooperative agreements. However, we are unable to verify the backlog reduction performance metrics that DFS has reported to NIJ because DFS has not always recorded when a case has been completed. Without this data, we are unable to independently measure the effect of award funds on DFS' ability to decrease its DNA case backlog. Therefore, we recommend DFS ensure performance metrics are based on verifiable calculations and data; and the data and calculations are consistent with the NIJ's definition of backlog. Additionally, DFS did not adequately track cooperative agreement related overtime resulting in unallowable overtime costs of \$1,884. We recommend that DFS remedy the \$1,884 in unallowable overtime costs and update its overtime tracking process to ensure that expenditure data used in future reimbursement requests is accurate.

Our report contains two recommendations to improve the management of DOJ cooperative agreements and one recommendation to address the dollar-related finding.

¹ Although the awards were made to MPD, responsibility for forensic science analysis in the District of Columbia has been transferred to a new agency, the Department of Forensic Sciences (DFS). DFS became operational as an agency on October 1, 2012 and subsequently assumed responsibility for the day to day management of the cooperative agreements under audit. Therefore, for the purposes of this report, we will be primarily assessing DFS' administration of the cooperative agreements.

**AUDIT OF THE NATIONAL INSTITUTE OF JUSTICE
AWARDS TO THE METROPOLITAN POLICE DEPARTMENT
WASHINGTON, D.C.**

TABLE OF CONTENTS

	Page
INTRODUCTION	1
Audit Approach	1
FINDINGS AND RECOMMENDATIONS	3
Internal Control Environment	3
<i>Single Audit</i>	3
<i>Financial Management System</i>	4
Reporting.....	4
<i>Federal Financial Reports</i>	4
<i>Progress Reports</i>	5
Program Performance	6
<i>Status of DNA Case Backlog at DFS</i>	7
Drawdowns	8
Budget Management and Control	9
Cooperative Agreement Expenditures	9
<i>Personnel Costs</i>	10
<i>Contractual Costs and Outsourcing of Forensic DNA Cases</i>	12
<i>Equipment, Travel, and Other Costs</i>	12
Contract Management	12
Recommendations.....	13
SCHEDULE OF DOLLAR-RELATED FINDINGS.....	14
APPENDIX I: OBJECTIVES, SCOPE, AND METHODOLOGY	15
APPENDIX II: THE DISTRICT OF COLUMBIA METROPOLITAN POLICE DEPARTMENT AND DEPARTMENT OF FORENSIC SCIENCES RESPONSE TO THE DRAFT REPORT	17
APPENDIX III: THE OFFICE OF JUSTICE PROGRAMS RESPONSE TO THE DRAFT REPORT.....	19

**APPENDIX IV: OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND
SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT 22**

AUDIT OF THE NATIONAL INSTITUTE OF JUSTICE AWARDS TO THE METROPOLITAN POLICE DEPARTMENT WASHINGTON, D.C.

INTRODUCTION

The Office of the Inspector General, Audit Division, has completed an audit of National Institute of Justice (NIJ) cooperative agreements numbered 2011-DN-BX-K431 (\$483,515) and 2012-DN-BX-0066 (\$430,520) awarded to the District of Columbia's Metropolitan Police Department (MPD). The NIJ funding was part of the fiscal years (FYs) 2011 and 2012 DNA Backlog Reduction Program. The goal of the DNA Backlog Reduction Program is to assist eligible states and units of local government in processing, recording, screening, and analyzing forensic DNA and/or DNA database samples, and to increase the capacity of public forensic DNA and DNA database laboratories to process more DNA samples, thereby helping to reduce the number of forensic DNA and DNA database samples awaiting analysis. Exhibit 1 details the specific performance periods for each award.

EXHIBIT 1: DNA BACKLOG REDUCTION COOPERATIVE AGREEMENTS AWARDED TO MPD

Award Number	Original Award Period	Award Extension End Date	Amount of Award
2011-DN-BX-K431	10/01/2011 - 03/31/2013	03/31/2014	\$483,515
2012-DN-BX-0066	10/01/2012 - 03/31/2014	09/30/2014	\$430,520

Source: Office of Justice Programs

Although the awards were made to MPD, responsibility for forensic science analysis in the District of Columbia has been transferred to a new agency, the Department of Forensic Sciences (DFS). DFS became operational as an agency on October 1, 2012, and subsequently assumed responsibility for the day to day management of the cooperative agreements under audit. Therefore, for the purposes of this report, we will be primarily assessing DFS' administration of the cooperative agreements.

Specific goals that DFS sought to achieve during the award periods were to:

- (1) Reduce the forensic DNA casework backlog by providing overtime to DNA analysts as well as outsourcing backlogged cases to an external laboratory;
- (2) Increase the capacity of the laboratory by purchasing necessary laboratory equipment and services; and
- (3) Provide the required continuing education to all DNA analysts.

Audit Approach

The objective of the audit was to determine whether costs claimed under the cooperative agreements 2011-DN-BX-K431 and 2012-DN-BX-0066 are allowable, reasonable, and complied with applicable laws, regulations, guidelines, and the terms and conditions. To accomplish this objective, we reviewed cooperative

agreement performance in the following key areas and activities: (1) internal control environment, (2) federal financial reports and progress reports, (3) drawdowns, (4) budget management and control, (5) expenditures, (6) contract management, and (7) program performance. We tested compliance with what we considered the most important conditions of the cooperative agreements. Unless otherwise stated in the report, we used the Office of Justice Programs (OJP) Financial Guide (Financial Guide) to assess DFS's performance and compliance with the requirements of the cooperative agreements.² Specifically, we tested DFS's:

- **Internal Control Environment** to determine whether the internal controls in place for the processing and payment of funds were adequate to safeguard the funds awarded to DFS and to ensure compliance with the terms and conditions of the NIJ cooperative agreements;
- **Reporting** to determine if the required federal financial reports and progress reports were submitted timely and accurately reflect the activity of the cooperative agreements;
- **Drawdowns** to determine whether drawdowns were adequately supported and if the auditee was managing receipts in accordance with federal requirements;
- **Budget Management and Control** to determine whether financial records appropriately accounted for funds received and disbursed, and if DFS expenditures were in accordance with approved budget categories;
- **Cooperative Agreement Expenditures** to determine whether the costs charged to the cooperative agreements were accurate, adequately supported, allowable, reasonable, and allocable;
- **Contract Management** to ensure compliance with overall financial management requirements for procurements; and
- **Program Performance and Accomplishments** to determine whether DFS made a reasonable effort to accomplish stated objectives.

The awards did not include program income, matching funds, or indirect costs. The results of our analysis are discussed in detail in the Findings and Recommendations section of the report. Appendix I contains additional information on our objective, scope, and methodology.

² The Financial Guide serves as a reference manual that provides guidance to award recipients on the fiduciary responsibility to safeguard award funds and to ensure funds are used appropriately. OJP requires award recipients to abide by the requirements in the Financial Guide.

FINDINGS AND RECOMMENDATIONS

COMPLIANCE WITH ESSENTIAL AWARD REQUIREMENTS

Our audit found that the transactions were in general, properly authorized, supported, and charged to the cooperative agreements. However, we were unable to verify the backlog reduction performance metrics that DFS has reported to NIJ because case data captured in the DFS database is incomplete. Additionally, DFS charged \$1,884 in unallowable costs to the 2012 cooperative agreement because it did not adequately track cooperative agreement related overtime. Based on our audit results, we make two recommendations to improve the management of OJP cooperative agreements and one recommendation to address the dollar-related finding.

Internal Control Environment

According to the OJP Financial Guide, award recipients are responsible for establishing and maintaining an adequate system of accounting and internal controls. An acceptable internal control system provides cost controls to ensure optimal use of funds. Award recipients must adequately safeguard funds and ensure that they are used solely for authorized purposes. While our audit did not assess DFS's overall system of internal controls, we did review the internal controls of DFS's financial management system specific to the administration of cooperative agreement funds during the periods under review.

Single Audit

The Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* requires that non-federal entities that expend at least \$500,000 a year in federal awards have a Single Audit conducted of its financial statements.³ We reviewed the Government of the District of Columbia's Single Audit reports for FYs 2011 and 2012, which encompassed the DFS, and found that the reports did not disclose any weakness, noncompliance issues, or cross-cutting findings related to the cooperative agreements under review.⁴

³ The purpose of the single audit is to determine whether the financial statements and schedule of expenditures of federal awards are presented fairly in all material respects and in conformity with generally accepted accounting principles.

⁴ At the time of our audit, FYs 2011 and 2012 single audits were the most current available.

Financial Management System

We interviewed pertinent DFS and MPD personnel, as well as, personnel from the District of Columbia Office of the Chief Financial Officer for the Public Safety and Justice Cluster and the District of Columbia Office of Payroll and Retirement Services, regarding the financial management system, record keeping practices, and methods for ensuring adherence to the terms and conditions of the cooperative agreements. We also reviewed written policies, procedures, and accounting records to assess DFS's risk of non-compliance with laws, regulations, guidelines, and terms and conditions of the cooperative agreements. Based upon our review, we found that the DFS's internal control environment includes adequate separation of duties and controls over the financial management system. However, we found weaknesses with DFS's method for tracking overtime expenses, which is discussed later in the "Cooperative Agreement Expenditures" section of this report.

Reporting

According to the OJP Financial Guide, award recipients are required to submit both financial and program progress reports to inform awarding agencies on the status of each award. Federal Financial Reports (FFRs) should detail the actual expenditures incurred for each quarterly reporting period, while progress reports should be submitted semiannually and describe the performance activities and achievements of the project supported by each award.

Because accurate and timely FFRs and progress reports are necessary to ensure that Department of Justice (DOJ) awarding agencies can effectively monitor award activities and expenditures, we reviewed DFS reports for cooperative agreement numbers 2011-DN-BX-K431 and 2012-DN-BX-0066. As detailed in the following sections, DFS did not submit all required FFRs in a timely manner. Additionally, given deficiencies in DFS's casework database, its primary resource for historical case information, we are unable to verify the performance metrics that DFS has reported to NIJ within its progress reports.

Federal Financial Reports

DOJ awarding agencies monitor the financial performance of each award via FFRs. According to the Financial Guide, FFRs should be submitted within 30 days of the end of each quarterly reporting period. Even when there have been no outlays of award funds, a report containing zeroes must be submitted. Awarding agencies may withhold funds or future awards if reports are submitted late, or not at all.

To verify the timeliness of the FFRs, we tested the last four reports submitted, for each cooperative agreement, as of the report period ending September 30, 2013. As can be seen in Exhibit 2, one FFR was submitted 15 days late for award 2011-DN-BX-K431, and two FFRs were submitted late (138 and 48 days respectively) for award 2012-DN-BX-0066. As a result, we recommend that OJP ensures that DFS submits its FFRs in a timely manner.

EXHIBIT 2: SUBMISSION OF FEDERAL FINANCIAL REPORTS

Report Number	Reporting Period	Report Due Date	Date Submitted	Days Late
2011-DN-BX-K431				
1	10/01/2012 – 12/31/2012	01/30/2013	01/22/2013	0
2	01/01/2013 – 03/31/2013	04/30/2013	04/12/2013	0
3	04/01/2013 – 06/30/2013	07/30/2013	07/17/2013	0
4	07/01/2013 – 09/30/2013	10/30/2013	11/14/2013	15
2012-DN-BX-0066				
1	10/01/2012 – 12/31/2012	01/30/2013	06/17/2013	138
2	01/01/2013 – 03/31/2013	04/30/2013	06/17/2013	48
3	04/01/2013 – 06/30/2013	07/30/2013	07/17/2013	0
4	07/01/2013 – 09/30/2013	10/30/2013	10/30/2013	0

Source: Office of Justice Programs' Grants Management System

The Financial Guide indicates that an awardee's accounting system for reporting must support all amounts reported on the FFRs. To verify the accuracy of the FFRs, we discussed the process for submitting FFRs with the responsible District of Columbia Office of the Chief Financial Officer for the Public Safety and Justice Cluster officials and compared the amounts reported on the last four FFRs to expenditures recorded in the awardee's accounting records. Based on our testing, we found that expenditures reported reconciled to the official accounting records of the award.

Progress Reports

While FFRs report award financial activity, progress reports describe the project status and accomplishments of the DOJ supported program or project. Progress reports should also describe the status of the project and compare actual accomplishments to anticipated program objectives. According to the Financial Guide, award recipients are required to submit progress reports every six months during the performance period of the award. Progress reports are due 30 days after the end of each semi-annual reporting period, June 30 and December 31. DOJ awarding agencies may withhold award funds if awardees fail to submit accurate progress reports on time.

To assess whether DFS submitted progress reports on time, we reviewed four progress reports for award number 2011-DN-BX-K431 covering October 1, 2011 through June 30, 2013. We also reviewed two progress reports for award number 2012-DN-BX-0066 covering October 1, 2012 through June 30, 2013. For both sets of progress reports, we compared the submission dates to the due date for each progress report. All progress reports were submitted on time.

We also reviewed reported program achievements detailed in these same progress reports, to determine if DFS achievements were consistent with its stated program goals. According to its cooperative agreement application, goals for award number 2011-DN-BX-K431 were to: (1) Reduce the forensic DNA casework backlog through analyst overtime and outsourcing; (2) Increase the database capacity of

the laboratory by purchasing relevant equipment; and (3) Provide the required continuing education for analysts assigned to the Forensic Biology Unit.⁵

Goals for award number 2012-DN-BX-0066 were to: (1) Reduce the backlog of forensic biology cases; (2) Improve laboratory efficiency by increasing laboratory capacity and reducing bottlenecks; (3) Maintain current laboratory operations by procuring the required services needed to support laboratory enhancements; and (4) Provide continuing education to all analysts participating in the Backlog Reduction Project.

At the time of our testing, we were able to determine that DFS expended monies to pursue, in part, all of its project goals. Specifically, we reviewed documentation that evidences DFS paid overtime for forensic scientists, outsourced backlogged DNA cases to a contract laboratory for processing, purchased necessary equipment to both maintain and enhance laboratory capacity, and paid for forensic scientist travel and registration fees for training events.

Program Performance

As required by the cooperative agreements, DFS must submit semi-annual progress reports detailing programmatic accomplishments and performance metrics. Specific performance metrics relevant to backlog reduction include the: (1) number of backlogged forensic DNA cases at the end of a reporting period; (2) number of forensic DNA cases analyzed using funds provided for overtime, supplies, or outsourcing during a reporting period; and (3) average number of days between the submission of a request for forensic DNA analysis to the laboratory and the delivery of the test results within a reporting period.⁶ In order to validate the metrics, we reviewed the DFS's historical DNA case database, its primary resource for historical case information. However, we are unable to verify the backlog reduction performance metrics that DFS has reported to NIJ because DFS has not always recorded when a case has been completed. Without this data, we are unable to verify DFS backlog performance metrics or independently measure the effect of award funds on DFS's ability to decrease its DNA case backlog.

DFS officials have told us that since DFS became an independent agency, in November 2012, it has undertaken new efforts to capture performance data, and as a result of these efforts, these officials are confident in DFS data captured as of January 2013. Although the original scope of our audit was designed to evaluate DFS's program performance through September 2013, we extended our period for

⁵ At DFS, DNA analysis is performed within its Forensic Biology Unit.

⁶ According to a July 2013 Government Accountability Office (GAO) report, NIJ does not have an approach to verify the reliability of data submitted within DNA Backlog Program progress reports. As of October 2011, NIJ noted that 30 percent of progress reports submitted by DNA Backlog Reduction Program awardees had errors in the collection and reporting of data, contained inaccurate data, or lacked goals and updates on progress achieved. Furthermore, GAO reported that based on an NIJ review of site visits it conducted in 2010, NIJ found awardee data that were neither accurate nor auditable. Despite efforts to improve data collection, as of March 2013, NIJ officials stated that they still estimate that 30 percent of progress reports submitted by awardees contain errors.

program evaluation through the January 2014 progress report, which covers the performance period July 2013 – December 2013. By extending the period of program evaluation we sought to analyze a full year of reliable DFS performance data.⁷

After discussing the data reliability issues with DFS officials, DFS developed a new data maintenance plan to generate its July 2013 – December 2013 progress report. The data maintenance plan details the two data sources and calculations used to generate NIJ performance metrics.⁸ However, we were unable to validate the performance metrics in the July 2013-December 2013 progress report because of problems with the data sources. Specifically, the DFS DNA case database and FORESIGHT generated a different result when we assessed the number of cases completed during this reporting period. Additionally, we were unable to verify the calculations used to generate NIJ performance metrics. Although we recognize DFS's efforts to improve the accuracy of its reporting, reliable, auditable, data is necessary to capture, verify, and memorialize backlog reduction metrics. Therefore, we recommend that OJP ensures that DFS improve its method for reporting results to ensure the performance metrics are based on verifiable calculations and data; and the data and calculations are consistent with the NIJ's definition of backlog.

Status of DNA Case Backlog at DFS

Although we could not verify the data reported to NIJ in the semi-annual progress reports, we assessed DFS records to determine the status of DNA case backlog and the turnaround time for its casework. According to the NIJ DNA Backlog Reduction Program solicitation, a forensic DNA case is defined as backlogged if it has not been completed within 30 days of receipt in the laboratory. However, DFS officials told us that for internal purposes they use a different definition of DNA case backlog. Specifically, DFS considers a case to be backlogged if analysis on the case has not been initiated by a Forensic Biology Unit analyst within 30 days of case submission to the Forensic Biology Unit.

DFS officials told us that they use this internal measurement of DNA case backlog because it is the measurement used by the FORESIGHT Project, of which DFS is a participant. We take no issue with DFS's use of an alternative measure of backlog for internal purposes; however, we used the NIJ definition of DNA case backlog to generate DFS performance metrics.

⁷ DFS officials stated that while historical performance data has not been reliably maintained within the DFS DNA case database, performance data related to every DFS case is available within the hard copy case files for each forensic DNA case. Both OIG and DFS officials agreed that, for the purposes of this audit, requiring DFS staff to perform a case review for the purpose of manually entering historical data into the database in order to generate past performance data was an overly burdensome requirement.

⁸ The data sources are the DNA case database and the FORESIGHT project. FORESIGHT is a business-guided self-evaluation of forensic science laboratories that standardizes definitions for metrics to evaluate work processes, which allows laboratory managers to assess resource allocations and efficiencies. Local, regional, state, and national laboratories participate in FORESIGHT.

Based on our discussion with DFS staff, we believe the most reliable data we can analyze is a listing of cases received and completed between January 1, 2013 to December 31, 2013. As a result, we cannot independently determine the total number of cases in DFS's historical DNA case backlog, or evaluate DFS's ability to reduce its historical DNA case backlog.

Over the course of 2013, the Forensic Biology Unit received a total of 673 DNA cases and completed 334, or approximately 50 percent, of these cases with in-house and outsourcing efforts. As a result, 339 cases received in 2013 were added to DFS's forensic DNA backlog. Of the 334 cases completed by the Forensic Biology Unit, 206 cases were wholly completed by Forensic Biology Unit examiners. The additional 128 cases completed in 2013, were outsourced to an external laboratory for DNA analysis. DFS specifically used award funds to outsource preexisting backlogged cases.

We also assessed turnaround time—which is the number of days between when the Forensic Biology Unit received a DNA case and when the case was completed and reported to law enforcement officials. For the 206 cases completed in-house, it took the Forensic Biology Unit an average of approximately 92 days to complete a case. For the outsourced cases, it took an average of approximately 190 days to complete a case.

Drawdowns

To obtain DOJ award money, award recipients must electronically request award funds via drawdowns. The Financial Guide states that award recipients should only request federal award funds when they incur or anticipate project costs. Therefore, recipients should time their requests for award funds to ensure they will have only the minimum federal cash on hand required to pay actual or anticipated costs within 10 days.

According to officials responsible for overall financial management of the awards, drawdown requests are based on reimbursements of expenses. These officials confirmed that their policy is to request a drawdown each month based on the expenditures reported in the District of Columbia's accounting system.⁹ To ensure that officials requested funds properly and kept minimum cash on hand, we analyzed drawdowns to date and compared the overall amount to the cooperative agreement's accounting records. Overall, we found that the amounts drawn down did not exceed the expenditures in the accounting records.

⁹ A separate District of Columbia agency, the District of Columbia Office of the Chief Financial Officer for the Public Safety and Justice Cluster, is responsible for the financial management responsibilities associated with these awards. These responsibilities include paying and approving invoices, preparing FFRs, requesting drawdowns, and making accounting entries.

Budget Management and Control

Awardees should expend funds according to the budget approved by the awarding agency and included in the final award. Approved award budgets document how much the recipient is authorized to spend in high-level budget categories, such as personnel, supplies, and contractors. The Financial Guide also states that award recipients may request a modification to approved award budgets to reallocate amounts between various budget categories within the same award. No prior approval is required if the reallocations between budget categories do not exceed 10 percent of the total award amount. We compared the actual amounts spent in each budget category to the budgeted amounts in the same categories. For cooperative agreements 2011-DN-BX-K431 and 2012-DN-BX-0066, DFS adhered to the Financial Guide requirements related to budget category expenditures.

Cooperative Agreement Expenditures

According to 2 C.F.R § 225 *Cost Principles for State, Local, and Indian Tribal Governments*, costs are allowable if they are reasonable, consistently applied, adequately documented, comply with policies and procedures, and conform to any limitations or exclusions specified in applicable criteria. As of September 30, 2013, DFS's general ledger reported \$305,814 and \$160,700 in project costs associated with cooperative agreements 2011-DN-BX-K431 and 2012-DN-BX-0066, respectively. We tested 100 percent of expenses charged to these cooperative agreements to ensure they were allowable, and identified \$1,884 in questioned costs.¹⁰ Exhibit 3 below details the expenditures for each cooperative agreement as well as questioned costs by cost category.

EXHIBIT 3: COOPERATIVE AGREEMENT EXPENDITURES BY BUDGET CATEGORY

Cost Category	2011-DN-BX-K431		2012-DN-BX-0066	
	Expenses	Questioned Costs	Expenses	Questioned Costs
Personnel	\$ 0	\$0	\$ 12,995	\$ 1,884
Travel	7,107	0	-	0
Equipment	197,111	0	-	0
Contractual	80,541	0	109,599	0
Other	21,055	0	38,106	0
Totals	\$305,814	\$0	\$160,700	\$1,884

Source: District of Columbia Office of the Chief Financial Officer for the Public Safety and Justice Cluster general ledger, District of Columbia Office of Payroll and Retirement Services payroll data, DFS time and attendance documentation, and OIG analysis.

¹⁰ Questioned costs are expenditures that do not comply with legal, regulatory, or contractual requirements, or 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, or the provision of supporting documentation.

Personnel Costs

We reviewed the DFS policies for timekeeping and charging the cooperative agreements costs associated with personnel costs. DFS was not approved to charge forensic scientist regular salary and benefits to either cooperative agreement; however, DFS was approved to charge forensic scientist overtime costs to cooperative agreement 2012-DN-BX-0066.

To gain an understanding of the payroll process, we interviewed DFS staff as well as officials from the District of Columbia Office of Payroll and Retirement Services. The District of Columbia Office of Payroll and Retirement Services administers the bi-weekly DFS payroll process through a module of the PeopleSoft application. Forensic scientists working overtime on the award record their time in PeopleSoft, which tracks forensic examiner time by different categories, including overtime. The PeopleSoft application interfaces with the District of Columbia's centralized accounting system, and posts salary related expenses.

Overtime

We reviewed all of the overtime transactions of the three employees who charged overtime to the award. We verified the employees' regular pay rate and overtime pay rate. Additionally we tested four attributes of the overtime charges: (1) Is there evidence the employee is an award overtime employee, (2) Do the overtime hours per the employee's timesheet equal the hours reported on the pay history, (3) Was the overtime timesheet approved by the supervisor, and (4) Are the overtime expense amounts charged to the cooperative agreement entered into the District of Columbia's accounting system.

While we identified evidence supporting that overtime was paid to the correct employees, approved by supervisors, and entered into the District of Columbia's accounting system, we determined that DFS overcharged the Department of Justice \$1,884 in unallowable overtime expenses. The errors in overtime expense calculation are due to incorrect tracking of overtime and regular salary charges in PeopleSoft and delays between the effective date of employee raises and when new pay schedules were entered into PeopleSoft.

DFS staff explained that when it was established as an agency, it began using PeopleSoft to track forensic scientist overtime. Our analysis revealed that incorrect coding of overtime categories resulted in 60 hours of regular pay being charged to the cooperative agreements and 6 overtime eligible hours were charged at a rate lower than the approved overtime rate.¹¹ Because the regular salary of DFS forensic examiners is not an approved cooperative agreement expenditure, any regular pay expenses are unallowable.

¹¹ DFS reported the coding issue to the District of Columbia Office of Payroll and Retirement Services. As of February 18, 2014 the District of Columbia Office of Payroll and Retirement Services had not taken corrective action on the coding issue.

According to District of Columbia Office of Payroll and Retirement Services staff, there can be a lag between the effective date when an employee receives an annual raise and when the new pay schedule is entered into PeopleSoft. We identified an instance in which an employee was entitled to a higher overtime rate than the rate she received because new pay schedules had not yet been entered into PeopleSoft.¹² Additionally, the District of Columbia gave a 3 percent cost-of-living adjustment (COLA) pay raise to non-union district employees, which includes DFS forensic examiners. Although this raise was effective on April 7, 2013, the legislation to implement the pay increase had to be approved by the Council of the District of Columbia as well as the United States Congress. Further, once the funding and legislation was approved, new pay schedules had to be entered into PeopleSoft.

Based on our review of timesheets and paystubs, we determined that DFS employees did not receive overtime payment consistent with their pay rates until pay period ending July 27, 2013. A further review of paystubs indicated that retroactive payments for regular salary and overtime were received by the forensic examiners in September 2013; however, DFS did not seek cooperative agreement reimbursement for this retroactive overtime payment.

Exhibit 4 summarizes the total allowable overtime and the questioned unallowable overtime costs for cooperative agreement 2012-DN-BX-0066.

**EXHIBIT 4: TOTAL UNALLOWABLE OVERTIME COSTS
COOPERATIVE AGREEMENT NUMBER 2012-DN-BX-0066**

Description	Amount
Amount of Overtime Reimbursed	\$12,995
Allowable Overtime Reimbursement	\$10,777
Unclaimed Allowable Overtime Reimbursement	334
Total Allowable Overtime Expenses	(11,111)
Total Unallowable Overtime Cost	\$ 1,884

Source: District of Columbia Office of the Chief Financial Officer for the Public Safety and Justice Cluster general ledger, District of Columbia Office of Payroll and Services payroll data, DFS time and attendance documentation, and OIG analysis.

Incorrect coding of overtime categories as well as delays in entering new pay schedules in PeopleSoft has caused DFS to overcharge the Department of Justice for overtime expenses. Specifically, DFS requested and received reimbursement for \$12,995; however, it is only entitled to a total reimbursement of \$11,111 in overtime expenses for the period under review. Therefore, we recommend that OJP ensures that DFS remedy the \$1,884 in unallowable overtime costs. Further, we

¹² According to the District of Columbia Office of Payroll and Retirement Services staff, if there has been a lag between when an employee's raise is effective, and when the employees increased pay rate is loaded into PeopleSoft, the employee, through his/her supervisor, can submit a personnel action to the Office of Payroll and Retirement Services requesting the reimbursement for underpayment. According to Office of Payroll and Retirement Services staff, if the request is supported, they will make the appropriate reimbursement.

recommend that OJP ensures that DFS update its overtime tracking process to ensure that expenditure data used in future reimbursement requests is accurate.

Contractual Costs and Outsourcing of Forensic DNA Cases

We tested 100 percent of the Contractual Costs, from cooperative agreements 2011-DN-BX-K431 (\$80,541) and 2012-DN-BX-0066 (\$109,599). We tested these transactions to ensure that they were within the scope of the cooperative agreements, approved by NIJ and DFS officials, supported by invoice documentation, and accurately recorded within the District of Columbia's accounting system. Of the 10 transactions tested, 7 were charges associated with the outsourcing of forensic DNA cases to a private laboratory totaling \$142,514. The remaining three transactions were for equipment validation and training services. Based on our testing, we determined that the sampled transactions were allowable.

Equipment, Travel, and Other Costs

We tested 100 percent of the Equipment, Travel, and Other Costs from cooperative agreements 2011-DN-BX-K431 (\$225,273) and 2012-DN-BX-0066 (\$38,106). The transactions were for DNA testing equipment, travel, DNA testing software, and DNA examiner registration fees. We tested these transactions to ensure that they were within the scope of the cooperative agreements, approved by NIJ and DFS officials, supported by invoice documentation, and accurately recorded within the District of Columbia's accounting system. Based on our testing, we identified one instance in which DFS did not maintain adequate invoice support for a travel related transaction. However, since the dollar amount is immaterial we do not question the unsupported travel costs.

Contract Management

We reviewed District of Columbia procurement policies and interviewed DFS staff as well as relevant staff from the District of Columbia Office of Contracting and Procurement. While DFS staff is responsible for requesting the purchase of specific goods and services, it is the responsibility of District of Columbia Office of Contracting and Procurement to formally solicit and award contracts based on the requests of the requesting agencies.

During the scope of our audit, DFS awarded eight formal contracts under the DOJ cooperative agreements. These contracts purchased DNA casework outsourcing services, DNA testing equipment, DNA testing software, and training. Based on our testing, we determined that the contracts awarded under the DNA Backlog Reduction Program awards were approved by NIJ and consistent with relevant District of Columbia and OJP procurement policies.

Recommendations

We recommend that OJP:

1. Ensures that DFS submits its FFRs in a timely manner.
2. Ensures the DFS performance metrics are based on verifiable calculations and data; and the data and calculations are consistent with the NIJ's definition of backlog.
3. Ensures that DFS remedy the \$1,884 in unallowable overtime costs. Further, we recommend that OJP ensures that DFS update its overtime tracking process to ensure that expenditure data used in future reimbursement requests is accurate.

SCHEDULE OF DOLLAR-RELATED FINDINGS

QUESTIONED COSTS:	AMOUNT	PAGE
<u>Unallowable Personnel Costs</u>		
Overtime Costs	\$1,884	9
Total Unallowable Personnel Costs	\$1,884	
Total Questioned Costs	\$1,884	

APPENDIX I

OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of the audit was to determine whether costs claimed under cooperative agreements 2011-DN-BX-K431 and 2012-DN-BX-0066 are allowable, reasonable, and complied with applicable laws, regulations, guidelines, and the terms and conditions. To accomplish this objective, we reviewed cooperative agreement performance in the following key areas and activities: (1) internal control environment, (2) federal financial reports and progress reports, (3) drawdowns, (4) budget management and control, (5) expenditures, (6) contract management, and (7) program performance.

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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Our audit concentrated on cooperative agreements numbered 2011-DN-BX-K431 (\$483,515) and 2012-DN-BX-0066 (\$430,520) awarded to the District of Columbia Metropolitan Police Department (MPD) by the National Institute of Justice. Although the awards were made to MPD, responsibility for forensic science analysis in the District of Columbia has been transferred to a new agency, the Department of Forensic Sciences (DFS). DFS became operational as an agency on October 1, 2012 and subsequently assumed responsibility for the day to day management of the cooperative agreements under audit. Therefore, for the purposes of this report, we primarily assessed DFS administration of the cooperative agreements.

DFS uses these funds to process and analyze forensic DNA evidence in order to reduce the number of forensic DNA cases awaiting analysis. We reviewed cooperative agreement activities and transactions beginning with the inception of both awards (October 1, 2011 and October 1, 2012 respectively) through September 30, 2013. Due to performance data reliability issues, we extended our period for program evaluation and considered backlog and case acceptance metrics through the end of December 2014 to determine if DFS was successfully reducing its forensic DNA case backlog.

In conducting our audit, we performed testing in those areas we deemed critical to the award requirements. Specifically, we reviewed all award transactions, including personnel costs, DNA equipment purchases, and employee training and travel. Our testing was conducted in the following areas:

- Drawdowns. We analyzed DFS's overall drawdowns for cooperative agreement 2011-DN-BX-K431 which totaled \$265,899 from the inception of the award on October 1, 2011 through September 30, 2013. We also

analyzed DFS's overall drawdowns for cooperative agreement 2012-DN-BX-0066 which totaled \$115,484 from the inception of the award on October 1, 2012 through September 30, 2013. The overall drawdowns of these awards did not exceed the total expenditures per the cooperative agreements' subsidiary accounting ledger.

- **Personnel Costs.** We interviewed personnel from DFS, the District of Columbia Office of the Chief Financial Officer for the Public Safety and Justice Cluster, and the District of Columbia Office of Payroll and Retirement Services regarding the charging of overtime to the cooperative agreements. To determine whether the cooperative agreements' overtime costs were supported and allowed, we selected all employee overtime charges to the cooperative agreements through the September 30, 2013 pay date. We tested personnel costs totaling \$12,995 charged to the 2012-DN-BX-0066 cooperative agreement. We recalculated overtime rate figures based on employee salary rates as of April 7, 2013. In our testing we identified unallowable charges of regular salary to cooperative agreement 2012-DN-BX-0066. As a result, we recommend that OJP ensure that DFS remedy \$1,884 in unallowable personnel costs.
- **Transactions.** To test the cooperative agreements' transactions for authorizations, approvals, and sufficient supporting documentation, we reviewed 100 percent of non-payroll transactions totaling \$453,519 charged to the cooperative agreements. We analyzed the transactions and determined that the costs were properly authorized, classified, recorded, and materially supported.
- **Contract Management.** We reviewed District of Columbia and OJP procurement policies as they apply to DFS and interviewed District of Columbia Office of Contracting and Procurement personnel. DFS received approval from NIJ to directly purchase DNA testing equipment and software without competition. We further tested the remaining universe of contracts awarded under the cooperative agreements. Based on our testing, we determined that the contracts awarded under the DNA Backlog Reduction Program awards were consistent with relevant District of Columbia and OJP procurement policies.

In addition, we interviewed DFS officials regarding program income and determined the awardee did not receive any program income. Furthermore, we reviewed the timeliness and accuracy of financial status and progress reports and reviewed the internal controls for the cooperative agreements numbered 2011-DN-BX-K431 and 2012-DN-BX-0066. However, we did not test the reliability of DFS' internal control procedures or the District of Columbia's financial management system as a whole.

APPENDIX II

THE DISTRICT OF COLUMBIA METROPOLITAN POLICE DEPARTMENT AND DEPARTMENT OF FORENSIC SCIENCES RESPONSE TO THE DRAFT REPORT



GOVERNMENT OF THE DISTRICT OF COLUMBIA
VINCENT C. GRAY, MAYOR

DEPARTMENT OF FORENSIC SCIENCES
CONSOLIDATED FORENSIC LABORATORY
401 E STREET SW WASHINGTON, DC 20024



Troy M. Meyer
Regional Audit Manager
Washington Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
1300 North 17th Street, Suite 3400
Arlington, VA 22209

19 May 2014

Dear Mr. Meyer:

The District of Columbia Department of Forensic Sciences (DFS) and the Metropolitan Police Department (MPD) have reviewed the draft report prepared by the U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) in connection with the audit of the National Institute of Justice (NIJ) DNA Backlog Reduction Program grant, cooperative agreement numbers 2011-DN-BX-K431 and 2012-DN-BX-0066. As detailed in the draft report, the DFS began as a new District department on October 1, 2012. At that time, the Forensic Biology Unit (FBU) was moved from MPD to DFS. The DFS conducts the day-to-day management of both of these cooperative agreements and oversees the programmatic goals of the agreements. The DFS in conjunction with MPD respectfully submits the following response to the audit recommendations.

OIG Recommendation: Ensures that DFS submits its FFRs in a timely manner.

DFS Response: The DFS concurs with this recommendation. The Financial Point of Contact (FPOC) is employed by the District of Columbia Office of the Chief Financial Officer (OCFO). The OCFO representative has provided the following response: "There were three instances when the federal financial reports (FFRs) were submitted late for awards 2011-DN-BX-K431 and 2012-DN-BX-0066. The late submissions were the result of poor transmission of grant information. For award 2012-DN-BX-0066 the incorrect financial point of contact was listed. For award 2011-DN-BX-K431 the financial point of contact was unaware of an approved grant extension. The financial point of contact was preparing the FFRs which would have been due after the liquidation period. All DNA grant files have been updated to ensure timely submission going forward."¹ In addition to the response provided by the OCFO, the DFS Grant Manager

¹ Email from OCFO Accounting Officer to DFS Grants Manager on 5/14/14.
Forensic Science Laboratory | Public Health Laboratory | Crime Scene Sciences

will monitor the submission of FFRs to assure timely submission of future reports.

OIG Recommendation: Ensure the DFS performance metrics are based on verifiable calculations and data; and the data and calculations are consistent with the NIJ's definition of backlog.

DFS Response: The DFS concurs with this recommendation. The FBU tracks all cases submitted to the unit through the use of an Excel spreadsheet. This spreadsheet is updated and maintained by the FBU Manager. All cases, including those outsourced are tracked in this file. In order to assure performance measures are verifiable moving forward, the FBU Manager will report on a monthly basis, the number of cases completed by the FBU, including outsourced cases. Additionally, the turnaround time will be captured in the monthly report. The turnaround time reported will be in accordance with the NIJ definition of turnaround time. Finally, the FBU Manager will report the number of backlogged cases each month. This backlog value will be calculated using the NIJ backlog definition. Reported data will be reviewed by agency management prior to the Grant Manager completing future progress reports.

DFS uses an industry standard methodology – FORESIGHT² – to track performance and individual case progress on a monthly basis. The definitions of case, sample, item, test and backlog are very precisely defined in this methodology.

OIG Recommendation: Ensure that DFS remedy the \$1,884 in unallowable overtime costs. Further, we recommend that OJP ensures that DFS update its overtime tracking process to ensure that expenditure data used in future reimbursement requests is accurate.

DFS Response: The DFS concurs with this recommendation. Through guidance with the NIJ grant manager, the DFS will remit a check to DOJ of \$1,884 to remedy the unallowable overtime costs. As a new agency, the DFS implemented an overtime request process in which management must approve each employee's requests for overtime before it can be used. Additionally, the DFS has made a request to the Office of Payroll and Retirement Services within the Office of the Chief Financial Officer for an updated overtime code that will be used in the PeopleSoft time entry system. Finally, cases worked on overtime will be tracked by each analyst to assure overtime is used in accordance with NIJ's guidelines.

In conclusion, we would like to thank your agency for the audit of the DNA Backlog Reduction grant.



Max M. Houck
Director, Department of Forensic Sciences

Cc: Cathy Lanier, Chief, Metropolitan Police Department
Angelique Hayes, Associate Chief Financial Officer for Public Safety

² A federally-funded process of measuring and comparing the effectiveness and efficiency of forensic laboratories worldwide. FORESIGHT has over 85 participating laboratories around the world and constitutes a de facto global standard for assessing forensic laboratories and their processes. Using direct quantitative measures and ratios, FORESIGHT provides robust key performance indicators (KPIs) for forensic laboratories.

APPENDIX III

THE OFFICE OF JUSTICE PROGRAMS RESPONSE TO THE DRAFT
REPORT



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

May 30, 2014

MEMORANDUM TO: Troy M. Meyer
Regional Audit Manager
Washington Regional Audit Office
Office of the Inspector General

A handwritten signature in cursive script that reads "LeToya A. Johnson".

FROM: LeToya A. Johnson
Acting Director

SUBJECT: Response to the Draft Audit Report, *Audit of the National Institute of Justice Awards to the District of Columbia Metropolitan Police Department*

This memorandum is in reference to your correspondence, dated May 1, 2014, transmitting the above-referenced draft audit report for the District of Columbia Metropolitan Police Department (MPD). Although the awards were made to MPD, responsibility for forensic science analysis in the District of Columbia was transferred to a new agency, the Department of Forensic Sciences (DFS), on October 1, 2012. We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **three** recommendations and **\$1,884** 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 our response.

1. We recommend that OJP ensures the DFS submits Federal Financial Reports in a timely manner.

OJP agrees with the recommendation. We will coordinate with the Department of Forensic Sciences (DFS) to obtain a copy of policies and procedures developed and implemented to ensure that future Federal Financial Reports are submitted in a timely manner.

2. We recommend that OJP ensures the DFS performance metrics are based on verifiable calculations and data; and the data and calculations are consistent with the NIJ's definition of backlog.

OJP agrees with the recommendation. We will coordinate with DFS to obtain a copy of policies and procedures developed and implemented to ensure that future performance metrics are based on verifiable calculations and data; and that they are consistent with the National Institute of Justice's definition of backlog.

3. We recommend that OJP ensures that DFS remedy the \$1,884 in unallowable overtime costs. Further, we recommend that OJP ensures that DFS update its overtime tracking process to ensure that the expenditure data used in future reimbursement requests is accurate.

OJP agrees with the recommendation. We will coordinate with DFS to remedy the \$1,884 in unallowable overtime costs charged to award number 2012-DN-BX-0066. In addition, we will coordinate with DFS to obtain a copy of policies and procedures developed and implemented to strengthen controls over its overtime tracking process to ensure that expenditure data used in future reimbursement requests is accurate.

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: Jeffery A. Haley
Deputy Director, Audit and Review Division
Office of Audit, Assessment, and Management

Gregory Ridgeway
Acting Director
National Institute of Justice

Portia Graham
Office Director, Office of Operations
National Institute of Justice

Charlene Hunter
Program Analyst
National Institute of Justice

Minh Nguyen
Physical Scientist
National Institute of Justice

Leigh A. Benda
Chief Financial Officer

Christal McNeil-Wright
Associate Chief Financial Officer
Grants Financial Management Division
Office of the Chief Financial Officer

Jerry Conty
Assistant Chief Financial Officer
Grants Financial Management Division
Office of the Chief Financial Officer

Lucy Mungle
Manager, Evaluation and Oversight Branch
Grants Financial Management Division
Office of the Chief Financial Officer

Richard P. Theis
Assistant Director, Audit Liaison Group
Internal Review and Evaluation Office
Justice Management Division

OJP Executive Secretariat
Control Number IT20140506153144

**OFFICE OF THE INSPECTOR GENERAL
ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE
THE REPORT**

The OIG provided a draft of this audit report to the Office of Justice Programs (OJP) and the District of Columbia's Metropolitan Police Department (MPD) and Department of Forensic Sciences (DFS). The OJP response is incorporated in Appendix III and the combined MPD and DFS response is incorporated in Appendix II of this final report. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendation:

1. Ensures that DFS submits its FFRs in a timely manner.

Resolved. OJP and DFS concurred with our recommendation. OJP stated in its response that it will coordinate with the DFS to obtain a copy of policies and procedures developed and implemented to ensure that future Federal Financial Reports are submitted in a timely manner.

This recommendation can be closed when we receive evidence that the policies and procedures to ensure FFR timeliness have been implemented.

2. Ensures the DFS performance metrics are based on verifiable calculations and data; and the data and calculations are consistent with the NIJ's definition of backlog.

Resolved. OJP and DFS concurred with our recommendation. OJP stated in its response that it will coordinate with DFS to obtain a copy of policies and procedures developed and implemented to ensure that future performance metrics are based on verifiable calculations and data; and that they are consistent with the National Institute of Justice's definition of backlog.

This recommendation can be closed when we receive evidence that DFS has implemented policies and procedures that allow it to accurately calculate relevant performance metrics consistent with the NIJ's definition of backlog. Upon receipt of this evidence, OIG will verify the data and calculations used to report DFS performance metrics.

- 3. Ensures that DFS remedy the \$1,884 in unallowable overtime costs. Further, we recommend that OJP ensures that DFS update its overtime tracking process to ensure that expenditure data used in future reimbursement requests is accurate.**

Resolved. OJP and DFS concurred with our recommendation. OJP stated in its response that it will coordinate with DFS to remedy the \$1,884 in unallowable overtime costs charged to award number 2012-DN-BX-0066 and obtain a copy of policies and procedures developed and implemented to strengthen controls over DFS overtime tracking process to ensure that expenditure data used in future reimbursement requests is accurate.

This recommendation can be closed when we receive evidence that DFS has remedied the \$1,884 in unallowable overtime costs charged to award number 2012-DN-BX-0066, and has adequately updated its policies and procedures to ensure that it can accurately track overtime expenditures for future reimbursement requests.