



**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS GRANTS
AWARDED TO THE UNIVERSITY OF NORTH TEXAS
HEALTH SCIENCE CENTER
FORT WORTH, TEXAS**

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

Audit Report GR-60-11-010
April 2011

AUDIT OF THE OFFICE OF JUSTICE PROGRAMS NATIONAL INSTITUTE OF JUSTICE GRANTS AWARDED TO THE UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER FORT WORTH, TEXAS

EXECUTIVE SUMMARY

The Office of the Inspector General, Audit Division, has completed an audit of Grant No. 2008-DN-BX-K157 and Grant No. 2009-DN-BX-K164, totaling \$5,057,900, awarded to The University of North Texas Health Science Center (UNTHSC) by the Office of Justice Programs (OJP) National Institute of Justice (NIJ). Both grants were awarded under the Using DNA Technology to Identify the Missing project.

According to OJP's website, they provide innovative leadership to federal, state, local, and tribal justice systems by disseminating state of the art knowledge and practices across America, and providing grants for the implementation of these crime fighting strategies. The NIJ is the research, development, and evaluation agency of the Department of Justice, and provides objective, independent, evidence based knowledge and tools to meet the challenges of crime and justice, particularly at the state and local levels. An area of focus is DNA technology which has increasingly become a vital tool in the criminal justice system.

The University of North Texas Center for Human Identification, (UNTCHI) which is housed at the UNTHSC, receives federal funding to analyze DNA samples from both unidentified remains as well as reference samples submitted by family members of missing persons to law enforcement agencies nationwide. The UNTHSC is one of only nine facilities in the nation with access to the FBI's next-generation CODIS 6.0 DNA software.¹ The UNTCHI, with support from the NIJ, has become a recognized national center providing scientific and technical support to law enforcement agencies, medical examiners, and crime labs throughout the country.

The goal of the Using DNA Technology to Identify the Missing grants is to: (1) assist eligible entities in performing DNA analysis on unidentified human remains and reference samples to support the efforts of states and

¹ CODIS is the FBI Laboratory's Combined DNA Index System and it blends forensic science and computer technology into an effective tool for solving crime.

units of local governments to identify missing persons, and (2) enter resulting DNA profiles into the FBI's National DNA Index System (NDIS).²

The purpose of this audit was to determine whether reimbursements claimed for costs under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grants. The objectives of our audit were to review performance in the following areas: (1) internal control environment; (2) drawdowns; (3) grant expenditures, including personnel and indirect-costs; (4) budget management and control; (5) matching; (6) property management; (7) program income; (8) financial status and progress reports; (9) grant requirements; (10) program performance and accomplishments; and (11) monitoring of subgrantees and contractors. We determined that matching costs, program income, subgrantees, and contractors were not applicable to these grants.

As of September 15, 2010, the UNTHSC had been reimbursed \$2,739,484 of the \$5,057,900 awarded under the two grants covered by our audit. We examined the UNTHSC's accounting records, financial and progress reports, and operating policies and procedures and found the following:

- The expenditure transactions tested were properly authorized, included in the approved grant budget, and accurately recorded in the accounting records.
- Unallowable salary expenses totaling \$28,030 were charged to the grant for a position that was not included in the approved grant budgets.
- Unallowable salary expenses totaling \$94,844 were charged to the grant for an employee whose salary did not comply with a special condition.
- Unallowable labor charges totaling \$7,859 for unauthorized time charged to the grant.

² The National DNA Index System (NDIS) is the highest level in the CODIS hierarchy, and enables the laboratories participating in the program to exchange and compare DNA profiles on the national level.

- Indirect cost transaction calculations tested were generally accurate.³
- Financial Reports tested were accurate and generally submitted in a timely manner.
- Required Categorical Progress Reports (Progress Reports) tested contained all required program performance statistical data and were submitted in a timely manner. However, we could not verify the accuracy of the data in the Progress Reports because no supporting documentation was maintained.
- The UNTHSC's internal control environment did not reveal any significant weaknesses.

Our report contains four recommendations to address the unallowable salary expenses, unauthorized time charged to the grant, and the lack of supporting progress report documentation, which is discussed in detail in the Findings and Recommendations section of this report. Our audit objectives, scope, and methodology are discussed in Appendix I.

³ Due to an accounting process limitation, UNTHSC did not fully segregate the applicable project-related expenditures to determine indirect costs charged to Grant No. 2008-DN-BX-K157. Instead, UNTHSC applied a reduced indirect cost rate to all project related expenditures. This approach resulted in charging indirect costs to the grant in an amount that conformed with the approved budget. This process was changed to fully segregate and apply the approved indirect cost rate to applicable transactions for Grant No. 2009-DN-BX-K164.

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INTRODUCTION

The Office of the Inspector General, Audit Division, has completed an audit of Grant Nos. 2008-DN-BX-K157 and 2009-DN-BX-K164, totaling \$5,057,900, awarded to The University of North Texas Health Science Center (UNTHSC) by the Office of Justice Programs (OJP) National Institute of Justice (NIJ). Both grants were awarded under the Using DNA Technology to Identify the Missing project. The details related to each award included in our audit are shown in Exhibit 1.

**EXHIBIT 1. GRANTS AWARDED TO THE UNIVERSITY OF NORTH TEXAS
HEALTH SCIENCE CENTER BY THE OFFICE OF JUSTICE
PROGRAMS NATIONAL INSTITUTE OF JUSTICE**

GRANT AWARD	AWARD START DATE	AWARD END DATE	AWARD AMOUNT
2008-DN-BX-K157	10/01/2008	06/30/2010	\$ 2,552,511
2009-DN-BX-K164	10/01/2009	05/31/2011	2,505,389
Total:			\$ 5,057,900

Source: Grant Management System

The purpose of this audit was to determine whether reimbursements claimed for costs under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grants. The objectives of our audit were to review performance in the following areas: (1) internal control environment; (2) drawdowns; (3) grant expenditures, including personnel and indirect costs; (4) budget management and control; (5) matching; (6) property management; (7) program income; (8) financial status and progress reports; (9) grant requirements; (10) program performance and accomplishments; and (11) monitoring of subgrantees and contractors. We determined that matching costs, property management, program income, subgrantees, and contractors were not applicable to these grants.

Background

According to OJP's website, they provide innovative leadership to federal, state, local, and tribal justice systems by disseminating state of the art knowledge and practices across America, and providing grants for the implementation of these crime fighting strategies. Due to the fact that most of the responsibility for crime control and prevention falls to law enforcement officers in states, cities, and neighborhoods, the federal government can be effective in these areas only to the extent that it can enter into partnerships with these officers. Therefore, OJP does not directly carry out law enforcement and justice activities. Instead, OJP works in partnership with the justice community to identify the most pressing crime related challenges confronting the justice system and to provide information, training, coordination, and innovative strategies and approaches for addressing these challenges.

The NIJ is the research, development, and evaluation agency of the Department of Justice, and they provide objective, independent, evidence-based knowledge and tools to meet the challenges of crime and justice, particularly at the state and local levels. An area of focus is DNA technology which has increasingly become a vital tool in the criminal justice system. In order to increase and improve the use of this technology, in FY 2004 the President announced a 5 year, billion dollar initiative, the President's DNA Initiative. One of the goals of the President's DNA Initiative is the use of DNA for missing person's cases and identifying human remains.

Program Background

The goal of the Using DNA Technology to Identify the Missing grants is to: (1) assist eligible entities in performing DNA analysis on unidentified human remains and reference samples to support the efforts of states and units of local governments to identify missing persons, and (2) enter resulting DNA profiles into the FBI's National DNA Index System (NDIS).¹

The University of North Texas Health Science Center

The UNTHSC, Fort Worth, is one of the nation's distinguished graduate academic health science centers, dedicated to education, research, patient care, and service. It opened in 1970 as the Texas College of Osteopathic Medicine, and with the establishment of the Graduate School of Biomedical

¹ The National DNA Index System (NDIS) is the highest level in the CODIS hierarchy, and enables the laboratories participating in the program to exchange and compare DNA profiles on the national level.

Sciences in 1993, the name of the institution was changed to the University of North Texas Health Science Center at Fort Worth.

A 33-acre, 1.2 million square-foot campus located in Fort Worth's cultural district, the UNTHSC has a \$220 million annual budget and contributes approximately \$500 million into Fort Worth's economy annually. The UNTHSC has a combined faculty of more than 400, a staff of more than 1,400, and an additional 750 part-time and adjunct faculty from other institutions and the community.

The University of North Texas Center for Human Identification, (UNTCHI) which is housed at the UNTHSC, receives federal funding to analyze DNA samples from both unidentified remains as well as reference samples submitted by family members of missing persons to law enforcement agencies nationwide. The UNTHSC is one of only nine facilities in the nation with access to the FBI's next-generation CODIS 6.0 DNA Software.² The UNTCHI, with support from the NIJ, has become a recognized national center providing scientific and technical support to law enforcement agencies, medical examiners, and crime labs throughout the country.

Our Audit Approach

We tested compliance with what we consider to be the most important conditions of the grants. Unless otherwise stated in our report, the criteria we audit against are contained in the *OJP Financial Guide* and the award documents.

In conducting our audit, we performed sample testing of grant expenditures, reviewed the timeliness and accuracy of Financial Reports and Progress Reports, evaluated performance related to grant objectives, and reviewed the internal controls of the financial management system.

As of September 15, 2010, the UNTHSC has been reimbursed \$2,739,484 of the \$5,057,900 awarded under the two grants covered by our audit. We examined the UNTHSC's accounting records, financial and progress reports, and operating policies and procedures.

The results of our audit are discussed in the Findings and Recommendations section of the report. Our audit objectives, scope, and methodology are discussed in Appendix I.

² CODIS is the FBI Laboratory's Combined DNA Index System and it blends forensic science and computer technology into an effective tool for solving crime.

FINDINGS AND RECOMMENDATIONS

We found that (1) expenditure transactions tested were properly authorized, included in the approved grant budget, and accurately recorded in accounting records; (2) Financial Reports tested were accurate and generally submitted in a timely manner; and (3) Progress Reports tested were submitted in a timely manner. However, we could not verify the accuracy of the data included in the UNTHSC's Progress Reports because the supporting documentation was not maintained. Further, we identified unallowable salary expenses totaling \$28,030 charged to the grant for a position that was not included in the approved grant budgets, \$94,844 for an employee whose salary did not comply with a special condition, and \$7,859 for unauthorized time charged to the grant.

Internal Control Environment

We reviewed the UNTHSC's financial management system and single audit report and interviewed UNTHSC officials to assess UNTHSC's risk of non-compliance to laws, regulations, guidelines, and terms and conditions of the grants.

Single Audit

According to *Office of Management and Budget (OMB) Circular A-133*, the UNTHSC is required to perform a single audit annually. We obtained and reviewed the most recent single audit and there were two findings of non-compliance. The first related to a Department of Defense grant and resulted in \$1,006 in questioned costs. The second related to Procurement and Suspension and Debarment under the National Institutes of Health, and resulted in no questioned costs. While the two findings of non-compliance did not relate to Department of Justice funds, we obtained the grantees responses to the audit report and have determined that all report recommendations were adequately addressed. In addition, during our review of the financial management system internal controls, we interviewed UNTHSC officials and asked about their internal control environment and did not identify any concerns or weaknesses.

Financial Management System

Our review of the UNTHSC's financial management system indicated that operating procedures were documented and adequate. We did not

detect any transactions that were not at "arm's length," and the UNTHSC had procedures for verification of invoices, payment of invoices, and payment of employees.

Drawdowns

Grant officials stated that drawdowns were based on reimbursements. We reviewed the accounting records and compared expenditures to the actual drawdowns for both grants. For Grant Nos. 2008-DN-BX-K157 and 2009-DN-BX-K164 we found that the drawdowns were supported by the accounting records.

Grant Expenditures

Based on the accounting records for Grant No. 2008-DN-BX-K157 we identified a total of 277 transactions from which we selected a sample of 28 transactions totaling \$595,458. We found that all 28 transactions in our sample were properly authorized, classified, supported, and accurately recorded in the accounting records.

Additionally, based on the accounting records for Grant No. 2009-DN-BX-K164 we identified a total of 85 transactions from which we selected a sample of 25 transactions totaling \$185,681. We found that all 25 transactions in our sample were properly authorized, classified, supported, and accurately recorded in the accounting records.

Personnel Costs

We performed payroll testing to verify the reasonableness, accuracy, and completeness of salary and fringe benefit transactions charged to the grants. We judgmentally selected two nonconsecutive pay periods during the grant period and reviewed the payroll documentation for employees paid during those periods. We found the salaries and fringe benefits charged to the grants to be reasonable, accurate, and complete for all but two employees in our sample. Specifically, time was not properly authorized for two employee's time for three of the four pay periods selected in our sample.

According to the OJP financial guide "when recipient employees work solely on a specific grant award, no other documentation is required. However, after-the-fact certifications that the employee is working 100 percent of their time on the grant award must be prepared no less frequently than every 6 months, and must be signed by the employee and supervisory official having first-hand knowledge of the work performed."

According to the UNTHSC financial records, for Grant No. 2008-DN-BX-K157, for the February 2009 pay period, 1 of the 10 employees in our sample charged 100 percent of their time to the grant. However, the required after-the-fact confirmation report did not include this employee. As a result we consider the time charged to grant number 2008-DN-BX-K157, for this employee, for the February 2009 pay period to be unauthorized.

The same condition occurred for Grant No. 2009-DN-BX-K164. For the June 2010 and August 2010 pay periods the UNTHSC financial records indicate that 1 of the 10 employees in our sample charged 100 percent of their time to the grant. However, the required after-the-fact confirmation reports did not include this UNTHSC employee. As a result we consider this employee's time charged to the grant for the June 2010 and August 2010 pay periods to be unauthorized. We are questioning as unallowable \$7,859 for the unauthorized time charged to the grants for these two employees.

UNTHSC officials were unable to provide after-the-fact confirmation for those charges because they were paid utilizing the UNTHSC old institutional task payment process which did not require the department to maintain the after the fact certification. In the fall of 2010, the University of North Texas updated the task payment procedure and they are considering including these types of payment as part of their after-the-fact reporting system.

We also compared the list of UNTHSC employees paid with grant funds with positions approved in the grant budgets and found that one position for a Statistician and Programmer was not included in the approved grant budgets. As a result, we are questioning the \$28,030 charged to the grant for the position that was not included in the approved grant budgets.

In addition, during our comparison of UNTHSC employees paid with grant funds we identified one employee's salary that exceeded the amount allowable under a special condition. Special Condition 15 of Grant No. 2008-DN-BX-K157 and Special Condition 20 of Grant No. 2009-DN-BX-K164 states that "No portion of these federal grant funds shall be used towards any part of the annual cash compensation of any employee of the grantee whose total cash compensation exceeds 110 percent of the maximum salary payable to a member of the Senior Executive Service (SES) at an agency with a Certified SES Performance Appraisal System for that year."³

³ Effective January 2011 the maximum rate of basic pay for members of the Senior Executive Service is \$179,700.

Our examination of UNTHSC payroll records indicated the Program Director's salary did not comply with this special condition. As a result, we are questioning \$51,485 for the Program Director's salary charged to Grant No. 2008-DN-BX-K157 and \$43,359 charged to Grant No. 2009-DN-BX-K164, resulting in total questioned costs of \$94,844.

Based on conversations with UNTHSC officials, questions were raised as to the interpretation of the special condition. UNTHSC officials told us that they had phone conversations with OJP Program Managers regarding this subject and were told a percentage of an employee's salary could be charged to the grant as long as the percentage was applied to the 110 percent maximum SES salary amount. The UNTHSC officials did not have any documentation to support these conversations.

We contacted OJP officials and were told by the Office of the Chief Financial Officer (OCFO) that the language of the special condition has been modified to permit salaries exceeding the 110 percent of the maximum SES amount to be charged to a grant up to the maximum amount. The OCFO also stated that the modified special condition only applies to subsequent awards. Based on our discussions with the OCFO, the salary charged to the grants for the Program Director's salary is unallowable.

Budget Management and Control

According to the *OJP Financial Guide*, a grantee may transfer funds between approved budget categories without OJP approval if the total transfers are 10 percent or less than the award amount. We compared the amounts charged to each budget category per the accounting records to the OJP approved budget. We found that all amounts charged were within the budget amounts allowable by OJP.

Indirect Costs

Indirect costs were approved in both grant budgets. We reviewed the accounting records for grants and found that for Grant No. 2008-DN-BX-K157 there were a total of 18 indirect cost transactions. We selected a sample of 10 indirect cost transactions and found all 10

transaction calculations were generally accurate.⁴ For Grant No. 2009-DN-BX-K164 we identified one indirect cost transaction and found it was correctly charged to the grant.

Reports

We reviewed the last four quarterly Financial Reports and found that they were generally timely and accurate. We also reviewed the UNTHSC's annual Progress Reports from the last 2 years and determined they were timely and included required program performance statistical data. As for the accuracy of the Progress Reports, the grantee did not maintain any source documentation and the source documentation could not be recreated because the database that the information comes from is a dynamic system, which means the data is constantly changing. The UNTHSC indicated that going forward they will print reports and take screen shots at the time the Progress Reports are compiled to document the information reported in the Progress Reports.

Compliance with Grant Requirements

To determine if the UNTHSC was in compliance with the special conditions of the grants, we reviewed the award documentation and identified the special conditions placed on the grantee. We surveyed UNTHSC officials regarding the special conditions identified in the award documentation. We did take exception to the UNTHSC compliance with a special condition and this was discussed in detail under *Personnel Costs*.

⁴ Due to an accounting process limitation, UNTHSC did not fully segregate the applicable project-related expenditures to determine indirect costs charged to Grant No. 2008-DN-BX-K157. Instead, UNTHSC applied a reduced indirect cost rate to all project related expenditures. This approach resulted in charging indirect costs to the grant in an amount that conformed with the approved budget. This process was changed to fully segregate and apply the approved indirect cost rate to applicable transactions for Grant No. 2009-DN-BX-K164.

Program Performance and Accomplishments

According to the award documentation, the Goals and Objectives of Grant Nos. 2008-DN-BX-K157 and 2009-DN-BX-K164 were to:

- Perform STR and mtDNA testing of unidentified human remains and family reference samples, and upload the DNA profiles into the FBI's National DNA Index System.⁵
- Provide anthropological and odontological analysis of skeletal remains on all applicable cases requested to provide the most appropriate samples for DNA analysis.⁶
- Conduct field testing of new technologies designed to increase both the throughput and the amount of genetic information obtained from degraded and compromised skeletal remains.
- Provide DNA kits for the collection of family reference samples and submission kits for unidentified human remains.
- Continuing its field testing of new technologies designed to increase the amount of genetic information obtained from degraded and compromised skeletal remains. These new technologies will help to increase this facilities sample throughput capabilities.

Grant No. 2008-DN-BX-K157 also contained an objective to perform STR and mtDNA analysis on a minimum of 675 unidentified human remains and 2,025 family reference samples collected by state or local law enforcement agencies.

Finally, Grant No. 2009-DN-BX-K164 included an objective to perform STR and mtDNA analysis on a minimum of 700 unidentified human remains and 1,800 family reference samples collected by state or local law enforcement agencies.

To evaluate the program performance and accomplishments of Grant Nos. 2008-DN-BX-K157 and 2009-DN-BX-K164, we interviewed UNTHSC

⁵ Nuclear DNA analysis targets areas of the nuclear DNA called Short Tandem Repeats (STRs) for entry into CODIS. Mitochondrial DNA (mtDNA) is found in the mitochondria of the cell and is generally extracted from biological items of evidence such as hair, bones, and teeth.

⁶ Odontology is a science dealing with teeth, their structure and development, and their diseases.

officials and surveyed two law enforcement officials, the end users of the program. According to UNTHSC officials, they look at the performance measurement data included in the progress report metrics to see if they are achieving the goals and objectives of the program. According to the final progress report for Grant No. 2008-DN-BX-K157, 1,084 unidentified human remains samples were analyzed while 621 were entered into CODIS. In addition, 1,738 family reference samples were analyzed. For Grant No. 2009-DN-BX-K164, according to progress report number 2, which covers May to June 2010, the UNTHSC had completed analysis on 162 unidentified human remains samples and 221 family reference samples.

To obtain feedback from individuals benefiting from the Using DNA Technology to Identify the Missing grant we contacted two law enforcement officials connected with the Tarrant County Medical Examiner's Office and asked them to provide feedback on the program by completing a questionnaire. Both of the officials surveyed stated that the service they received was the identification of human remains. Their offices submit human remains samples for analysis and upload these samples to the CODIS national database to be matched with other family reference samples they submit. Based on these responses, we concluded the services provided were consistent with the grant program goals and objectives.

Both individuals surveyed also stated that the program was effective in meeting the needs of the end users. One respondent explained that many of the unidentified human remains they come across are from elderly persons whose bodies are so badly decomposed that they would not be able to identify them without the DNA services the UNTHSC offers. The second respondent told us that using UNTHSC's services have helped make positive identifications on both old and new cases.

Overall, both officials stated that the program and grantee were "Excellent." As a result, we did not find any indication that the UNTHSC has not accomplished the broad goals of Grant No. 2008-DN-BX-K157 and is not on track to meet the broad goals of Grant No. 2009-DN-BX-K164. However, we cannot determine if specific statistical objectives were met because the grantee did not maintain any source documentation for the statistical data included in the Progress Reports.

Conclusion

The purpose of this audit was to determine whether reimbursements claimed for costs under the grants were allowable, supported and in accordance with applicable laws, regulations, guidelines, terms and

conditions of the grants, and to determine program performance and accomplishments.

We determined that Financial Reports tested were generally submitted on time and were accurate. Progress Reports tested included program performance statistical data and were submitted on time. However, we could not determine if specific statistical objectives were met because the grantee did not maintain any source documentation for the statistical data included in the Progress Reports.

We found expenditure transactions tested were properly authorized, included in the approved grant budget, and accurately recorded in the accounting records. We found the salaries and fringe benefits charged to the grants to be reasonable, accurate, and complete for all but two employees in our sample. Time was not properly authorized for two employee's time, for three of the four pay periods selected in our sample. As a result, we are questioning \$7,859 for the unauthorized time charged to the grant. In addition, we found that one position paid with grant funds was not included in the approved budgets. As a result, we are questioning the \$28,030 charged to the grant for this position. We also found one employee's salary did not comply with a special condition and as a result we are questioning \$94,844 charged to the grant for this employee's salary.

Recommendations

We recommend that the OJP:

1. Remedy the \$28,030 in questioned cost for the position paid with grant funds that was not included in the approved grant budgets.
2. Remedy the \$94,844 in questioned cost for the salary paid with grant funds that did not comply with a special condition.
3. Remedy the \$7,859 in questioned costs for the unauthorized time charged to the grants.
4. Ensure that UNTHSC maintains proper source documentation for the information included in the Progress Reports.

OBJECTIVES, SCOPE, AND METHODOLOGY

The purpose of this audit was to determine whether reimbursements claimed for costs under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grants. The objectives of our audit were to review performance in the following areas: (1) internal control environment; (2) drawdowns; (3) grant expenditures, including personnel and indirect costs; (4) budget management and control; (5) matching; (6) property management; (7) program income; (8) financial status and progress reports; (9) grant requirements; (10) program performance and accomplishments; and (11) monitoring of subgrantees and contractors. We determined that indirect costs, matching costs, property management, program income, subgrantees, and contractors were not applicable to these grants.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Our audit concentrated on, but was not limited to, the award of the initial Using DNA Technology to Identify the Missing grant on October 01, 2008, through September 24, 2010, when the last Financial Report was submitted.

We tested compliance with what we consider to be the most important conditions of the grants. Unless otherwise stated in our report, the criteria we audit against are contained in the *Office of Justice Programs Financial Guide* and the award documents.

In conducting our audit, we performed sample testing for grant expenditures. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed, such as dollar amounts or expenditure category. We selected a sample of 28 grant expenditures for Grant No. 2008-DN-BX-K157 and 25 grant expenditures for Grant No. 2009-DN-BX-K164. This non statistical sample design does not allow projection of the test results to the universes from which the samples were selected.

In addition, we reviewed the timeliness and accuracy of Financial Reports and Progress Reports and evaluated performance to grant objectives; however, we did not test the reliability of the financial management system as a whole.

APPENDIX II

SCHEDULE OF DOLLAR-RELATED FINDINGS⁷

QUESTIONED COSTS:	AMOUNT	PAGE
Unallowable Payroll Costs	\$28,030	6
Unallowable Salary Costs	\$94,844	7
Unallowable labor Costs	\$ 7,859	6
TOTAL DOLLAR-RELATED FINDINGS	\$130,733	

⁷ Questioned Costs are monies spent that, at the time of the audit, do not comply with legal requirements, or are unsupported, unbudgeted, unnecessary, or unreasonable. They can be recoverable or unrecoverable.

OJP RESPONSE TO THE DRAFT REPORT



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

March 23, 2011

MEMORANDUM TO: David M. Sheeren
Regional Audit Manager
Office of the Inspector General
Denver Regional Audit Office

FROM: /s/
Maureen A. Henneberg
Director

SUBJECT: Response to the Draft Audit Report, *Office of Justice Programs, National Institute of Justice Grants Awarded to the University of North Texas Health Science Center, Fort Worth, Texas*

This memorandum is in response to your correspondence, dated February 24, 2011, transmitting the subject draft audit report for the University of North Texas Health Science Center (UNTHSC). We consider the subject report resolved and request written acceptance of this action from your office.

The report contains **four** recommendations and **\$130,734** in questioned costs. The following is the Office of Justice Programs' (OJP's) 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 remedy the \$28,030 in questioned costs for the position paid with grant funds that was not included in the approved grant budgets.**

We agree with the recommendation. We will coordinate with UNTHSC to remedy the

\$28,030 in questioned costs related to salary expenditures charged to cooperative agreement 2008-DN-BX-K157, for a position which was not in the approved budget for the agreement.

- 2. We recommend that OJP remedy the \$94,845 in questioned costs for the salary paid with grant funds that did not comply with a special condition.**

We agree with the recommendation. The special condition related to maximum salaries was very restrictive and did not permit any salary charges to the grant if the annual salary exceeded 110 percent of the Senior Executive Service (SES) salary, unless prior approval was granted by OJP's Assistant Attorney General.

The special condition was subsequently modified in fiscal year 2010, to permit salary to be charged up to the maximum SES salary, with the excess to be paid with non-Federal funds; however, there were no provisions for this change to be retroactive. Therefore, we will coordinate with UNTHSC to remedy the \$94,845 in questioned costs charged to cooperative agreements 2008-DN-BX-K157 and 2009-DN-BX-K164, related to the salaries paid in violation of the maximum salaries special condition.

- 3. We recommend that OJP remedy the \$7,859 in questioned costs for the unauthorized time charged to the grant.**

We agree with the recommendation. We will coordinate with UNTHSC to remedy the \$7,859 in questioned costs related to unauthorized time charged to cooperative agreement 2009-DN-BX-K164.

- 4. We recommend that OJP ensure that UNTHSC maintains proper source documentation for the information included in the progress reports.**

We agree with the recommendation. We will coordinate with UNTHSC to obtain a copy of procedures developed and implemented to ensure that proper source documentation is maintained to support the information included in the progress reports; and the documentation is maintained for future auditing purposes.

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

Diane Hughes
Office Director, Office of Operations
National Institute of Justice

Charles Heurich
Program Manager
National Institute of Justice

cc: OJP Executive Secretariat
Control Number 20110227

GRANTEE RESPONSE TO THE DRAFT REPORT

March 17, 2011

David M. Sheeren
Regional Audit Manager
U.S. Department of
Justice Office of the
Inspector General
Denver Regional Audit
Office 1120 Lincoln,
Suite 1500 Denver, CO
80203

SUBJECT: Draft Audit Report, Audit of The Office of Justice Programs National Institute of Justice Grants Awarded to the University of North Texas Health Science Center Fort Worth, Texas

Dear Mr. Sheeren,

This letter is submitted as the written response of the University of North Texas Health Science Center at Fort Worth ("UNTHSC") to the above-referenced draft audit report dated February 25, 2011. The audit conducted was related to Office of Justice Programs (OJP)" National Institute of Justice grants awarded to UNTHSC under grant numbers 2008-DN-BX-K157 and 2009-DN-BX-K164.

The draft audit report on page 4 sets forth three findings in support of UNTHSC's grant management in general, but questions three grant expenditures (the three grant expenditures have a combined total value of \$130,734). Based on the three questioned expenditures, four recommendations are made on page 11 of the audit report. The following is UNTHSC's response to the four "remedy" recommendations and the questioned costs. For ease of review, the recommendation being addressed is restated in bold and is followed by our response.

Recommendation 1: **Remedy the \$28,030 in questioned cost for the position paid with grant funds that was not included in the approved grant budgets.**

The UNTHSC does not concur with recommendation number 1 because the position in question was not required to be identified in advance to OJP in order to be covered by the grant.

In reviewing both Special Condition 14 set forth in the Cooperative Agreement (Attachment 1) as well as Chapter 5, Adjustments to Awards, from the OJP Financial Guide (Attachment 2), OJP does not have a requirement that it has to be notified every time a position is added under a grant. In regard to the particular position in question, we do not believe the auditors have presented an instance of non-compliance for the following reasons:

- The position in question was not key personnel and did not require prior approval
- Payment of the salary for this position did not require a budget modification greater than 10%

- The duties assigned to this position did not alter the scope of the grant. Programmatic activities did not change with the addition of this position (this position just helped to ensure that the originally stated programmatic activities were successful); the original purpose of the project did not change (in fact, this position was necessary to complete the originally stated purpose); there wasn't a change to the project site; there was not an organizational change; and there was not a change in scope that affected the budget in a way that required budget modification.

Based on these criteria, our opinion is that prior approval from OJP for this position was not necessary. Therefore, we consider the expenses associated with this position to be fully allowable.

This position was created after UNTHSC found some computational errors and false associations made using the FBI's new CODIS 6.0 software that could have impacted the transmission of data. UNTHSC contacted members of the FBI's CODIS Unit and informed them of this problem, but changes to the FBI's software were not adopted. On January 5th, 2009, a bioinformatician with expertise in population genetics and computational genomics, was hired as a postdoctoral fellow at UNTHSC. He was tasked with developing software that would take into account the errors and false associations caused by the FBI's software and still allow for accurate transmission of data. The bioinformatician was not listed as personnel in our original submission since he was not an employee at the time or even a prospective employee. When he was hired, the task assigned to him on the grant was well within the scope of UNTHSC's original grant award, which was to perform DNA analysis of human remains and family reference samples, enter the data into CODIS, make the appropriate associations, and accurately report the results to Medical Examiners and Coroners making the official identifications.

Recommendation 2: Remedy the \$94,845 in questioned cost for the salary paid with grant funds that did not comply with a special condition.

The UNTHSC does not concur with recommendation number 2.

In reviewing Special Condition 15 set forth in the Cooperative Agreement (Attachment 1), we do not believe that we are non-compliant with the intention of the condition. The language regarding Special Condition number 15 has been clarified by OJP to permit salary to be charged up to the maximum, with any amount in excess of the maximum to be paid with non-federal funds. We consider this clarification as applying to the awards being audited.

The DOJ Auditors have interpreted Special Condition 15 to mean that UNTHSC may not charge salary to the OJP grants for any University employee paid in excess of 110% of the Senior Executive Service (SES) maximum. We believe that the clarification of Special Condition 15, published in 2010, was meant to strengthen the wording of the condition, not to reverse it. The practical purpose of the clarification is to ensure that universities are not prevented from using senior staff on DOJ grants. We believe our position is consistent with the OJP Program Officer's interpretation of Special Condition 15 as set forth in an email dated January 25, 2011 (Attachment 3) and applies to the awards being audited. To apply any other interpretation of Special Condition 15 would penalize UNTHSC and other institutions of higher education across the nation as it would discriminate against senior faculty involved in OJP awards by not allowing reimbursement for effort performed on the award. We do not believe that it is the intention of OJP to discriminate against senior faculty based on salary rates as is evidenced by their later clarifying statement. For this reason, we believe the proportional amount, as charged, was correct at the level of 110% of SES and all salary paid in excess of that rate has been paid from non-federal funds and properly supported in our after the fact time and effort reports. Our accounting for effort of the salary cap is based on acceptable standards throughout institutions of higher education and guidance from Office of Management and Budget circulars as well as other federal agencies with salary caps.

Recommendation 3: Remedy the \$7,859 in questioned costs for the unauthorized time charged to the grant.

The UNTHSC does not concur with recommendation number 3 because the costs in question were authorized and were necessary in order to pay for services provided on the grant project.

The costs in question were authorized by the principal investigator (PI) via a task payment process using an UNTHSC internal payroll form to approve work being done on the project. The PI is confident the work was satisfactorily performed as he supervised both of the individuals providing service and the results of the tasks they were assigned are included in the semi-annual reports under the anthropological laboratory efforts as well as any progress described in the field testing section of the reports.

The PI followed standard institutional policy in place at the time the costs in question were incurred. His approval of this payment was documented at the onset of the task project, the work was completed to the benefit of this OJP project, properly charged to the accounting system against this OJP project and we view the costs to be allowable. Although we do not concur with the recommendation, the institution has changed the policy regarding task payments to include additional supporting documentation.

Recommendation 4: Ensure that UNTHSC maintains proper source documentation for the information included in the Progress Reports.

The UNTHSC concurs with recommendation number 4.

As explained on page 10 of the draft audit report, the OIG could not determine if specific statistical objectives of the grant were met because UNTHSC did not maintain any source documentation for the statistical data included in the progress reports. UNTHSC has implemented additional steps in Dr. Eisenberg's laboratory by revising the written laboratory policy to read, "The performance measures and metrics are tabulated quarterly by the Technical Leaders, CODIS Administrator and Operations Manager. Due to the dynamic nature of the laboratory information system and the CODIS database, much of the electronic data generated cannot be re-created at a later date. This information is either printed as a "screen shot" or the numbers tabulated on a given date are entered into the appropriate spreadsheet. The printed information contains the generation date and initials of the person collating the data. This documentation is forwarded to the Operations Manager no later than 7 days following the end of each quarter....". This change in policy means that Dr. Eisenberg's lab is now maintaining source documentation of the data collected.

We appreciate the opportunity to review and comment on the draft audit report. If you have any questions or require additional information, please contact the undersigned via email at LeAnn.Forsberg@unthsc.edu.

Sincerely,

LeAnn S. Forsberg Director Office of Grant and Contract Management

cc: Linda J. Taylor, Lead Auditor, Audit Coordination Branch

Charles Heurich, Program Manager

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

The Office of the Inspector General (OIG) provided a draft of this audit report to the Office of Justice Programs (OJP) and to the University of North Texas Health Science Center (UNTHSC). Their responses are incorporated in Appendices III and IV, respectively of this final report. The following provides the OIG analysis of the responses and a summary of actions necessary to close the report.

Analysis of the UNTHSC Response

In response to our audit report, the UNTHSC did not concur with three of the four recommendations made. The first recommendation was for OJP to remedy the \$28,030 in questioned cost for the position paid with grant funds that was not included in the approved grant budgets. The UNTHSC response included the following;

The UNTHSC does not concur with recommendation number 1 because the position in question was not required to be identified in advance to OJP in order to be covered by the grant.

In reviewing both Special Condition 14 set forth in the Cooperative Agreement as well as Chapter 5, Adjustments to Awards, from the OJP Financial Guide, OJP does not have a requirement that it has to be notified every time a position is added under a grant. In regard to the particular position in question, we do not believe the auditors have presented an instance of non-compliance for the following reasons:

- *The position in question was not key personnel and did not require prior approval*
- *Payment of the salary for this position did not require a budget modification greater than 10 percent*
- *The duties assigned to this position did not alter the scope of the grant. Programmatic activities did not change with the addition of this position (this position just helped to ensure that the originally stated programmatic activities*

were successful); the original purpose of the project did not change (in fact, this position was necessary to complete the originally stated purpose); there wasn't a change to the project site; there was not an organizational change; and there was not a change in scope that affected the budget in a way that required budget modification.

This position was created after UNTHSC found some computational errors and false associations made using the FBI's new CODIS 6.0 software that could have impacted the transmission of data. UNTHSC contacted members of the FBI's CODIS Unit and informed them of this problem, but changes to the FBI's software were not adopted. On January 5th, 2009, a bioinformatician with expertise in population genetics and computational genomics, was hired as a postdoctoral fellow at UNTHSC. He was tasked with developing software that would take into account the errors and false associations caused by the FBI's software and still allow for accurate transmission of data. The bioinformatician was not listed as personnel in our original submission since he was not an employee at the time or even a prospective employee. When he was hired, the task assigned to him on the grant was well within the scope of UNTHSC's original grant award, which was to perform DNA analysis of human remains and family reference samples, enter the data into CODIS, make the appropriate associations, and accurately report the results to Medical Examiners and Coroners making the official identifications.

According to the OJP financial guide, a grantee may make minor changes in methodology approach, or other aspects of the grant to expedite achievement of the grant's objectives, without initiating a grant adjustment notice. However, changes in scope, duration, activities, or other significant areas are changes that require prior approval from the bureau or program office through a grant adjustment notice. The addition of a new bioinformatician position charged to the grant required approval from OJP because it was a significant change in the program activities and budget. Both these types of changes require Grant Adjustment Notice approval according to the OJP Financial Guide.

Further, in its response, UNTHSC refers to requirements related to changes of key staff. This reference describes the need to inform the granting agency of changes to personnel identified in its grant application, but the rules do not allow for significant changes or additions of positions without OJP approval. In our judgment, prior approval from the bureau or

program office, through a grant adjustment notice should have been obtained. OJP agreed with this recommendation.

The second recommendation was for OJP to remedy the \$94,844 in questioned cost for the salary paid with grant funds that did not comply with a special condition. The UNTHSC response included the following;

The UNTHSC does not concur with recommendation number 2.

In reviewing Special Condition 15 set forth in the Cooperative Agreement, we do not believe that we are non-compliant with the intention of the condition. The language regarding Special Condition number 15 has been clarified by OJP to permit salary to be charged up to the maximum, with any amount in excess of the maximum to be paid with non federal funds. We consider this clarification as applying to the awards being audited.

As stated on page 6 of the report, Special Condition 15 of Grant No. 2008-DN-BX-K157 and Special Condition 20 of Grant No. 2009-DN-BX-K164 states that "No portion of these federal grant funds shall be used towards any part of the annual cash compensation of any employee of the grantee whose total cash compensation exceeds 110 percent of the maximum salary payable to a member of the Senior Executive Service (SES) at an agency with a Certified SES Performance Appraisal System for that year." Our examination of UNTHSC payroll records indicated the Program Director's salary did not comply with this special condition, it exceeded 110 percent of the maximum salary payable to a member of the SES.

The NIJ Program Manager told UNTHSC officials that a percentage of an employee's salary could be charged to the grant as long as the percentage was applied to the 110 percent maximum SES salary amount. However, we contacted OJP's Office of the Chief Financial Officer (OCFO), which is responsible for developing the OJP financial guide to request clarification on the rule.⁸ We were informed by the OCFO that the special condition had been modified to permit salaries exceeding the 110 percent of the maximum SES amount. Therefore, the special condition for the awards in question were applied under the previous method, which did not allow any portion of OJP federal grants to be applied to any part of a salary that exceeded 110 percent of the maximum SES amount. In its written response to our draft report, OJP agreed with our recommendation.

⁸ The OJP Financial Guide serves as the primary reference for financial management and grants administration for all recipients and their subrecipients of federal grant programs administered by OJP

The third recommendation was for OJP to remedy the \$7,859 in questioned costs for the unauthorized time charged to the grant. The UNTHSC response included the following;

The UNTHSC does not concur with recommendation number 3 because the costs in question were authorized and were necessary in order to pay for services provided on the grant project.

The costs in question were authorized by the principal investigator (PI) via a task payment process using an UNTHSC internal payroll form to approve work being done on the project. The PI is confident the work was satisfactorily performed as he supervised both of the individuals providing service and the results of the tasks they were assigned are included in the semi-annual reports under the anthropological laboratory efforts as well as any progress described in the field testing section of the reports.

As stated on page 5 of the report, according to the OJP financial guide, "when recipient employees work solely on a specific grant award, no other documentation is required. However, after-the-fact certifications that the employee is working 100 percent of their time on the grant award must be prepared no less frequently than every 6 months, and must be signed by the employee and supervisory official having first-hand knowledge of the work performed." For the four pay periods we reviewed, two of the UNTHSC employee's spent 100 percent of their time working on the grant and they were not included in the after-the fact certification reports. As a result the UNTHSC is not in compliance with the OJP financial guide and the salary charged to the grant for these two employees', for the pay periods reviewed, were unauthorized and were questioned. OJP agreed with our recommendation.

Summary of Actions Necessary to Close Report

1. **Resolved.** OJP concurred with our recommendation to remedy the \$28,030 in questioned cost for the position paid with grant funds that was not included in the approved grant budgets. This recommendation can be closed when we receive documentation the questioned costs have been remedied.
2. **Resolved.** OJP concurred with our recommendation to remedy the \$94,844 in questioned cost for the salary paid with grant funds that

did not comply with a special condition. This recommendation can be closed when we receive documentation the questioned costs have been remedied.

3. **Resolved.** OJP concurred with our recommendation to remedy the \$7,859 in questioned costs for the unauthorized time charged to both Grant No. 2008-DN-BX-K157 and Grant No. 2009-DN-BX-K164. This recommendation can be closed when we receive documentation the questioned costs have been remedied.
4. **Resolved.** OJP concurred with our recommendation to ensure that UNTHSC maintains proper source documentation for the information included in the Progress Reports. This recommendation can be closed when we receive documentation on the procedures developed and implemented to ensure that proper source documentation will be maintained to support the information included in the progress reports.