



**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS, BASIC
SCIENTIFIC RESEARCH TO SUPPORT FORENSIC
SCIENCE FOR CRIMINAL JUSTICE, COOPERATIVE
AGREEMENT AWARDED TO THE REGENTS OF THE
UNIVERSITY OF COLORADO, BOULDER**

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

Audit Report GR-60-14-002
December 2013

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS, BASIC
SCIENTIFIC RESEARCH TO SUPPORT FORENSIC SCIENCE
FOR CRIMINAL JUSTICE, COOPERATIVE AGREEMENT
AWARDED TO THE REGENTS OF THE UNIVERSITY OF
COLORADO, BOULDER**

EXECUTIVE SUMMARY

The U.S. Department of Justice, Office of the Inspector General (OIG), Audit Division, has completed an audit of the Office of Justice Programs (OJP), National Institute of Justice (NIJ) Basic Scientific Research to Support Forensic Science for Criminal Justice Purposes, cooperative agreement No. 2011-DN-BX-K533 totaling \$894,629, awarded to the Regents of the University of Colorado, Boulder, (CU) as shown in Exhibit 1.

EXHIBIT 1: COOPERATIVE AGREEMENT AWARDED TO CU

AWARD NUMBER	AWARD DATE	PROJECT START DATE	PROJECT END DATE	AWARD AMOUNT
2011-DN-BX-K533	08/25/11	01/01/12	12/31/13	894,629

Source: Office of Justice Programs (OJP) Grants Management System (GMS)

The cooperative agreement was awarded under the OJP, NIJ Basic Scientific Research to Support Forensic Science for Criminal Justice Purposes program. The program funds basic scientific research in the physical, life, and cognitive sciences that is designed to increase the knowledge underlying forensic science disciplines intended for use in the criminal justice system. The award made to CU was specifically for the characterization of bacterial and fungal communities associated with corpse decomposition using next generation sequencing.

Our Audit Approach

The purpose of the audit was to determine whether costs claimed under cooperative agreement No. 2011-DN-BX-K533 were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the agreement. The objective of the audit was to review performance in the following areas: (1) internal control environment, (2) drawdowns, (3) award expenditures, (4) budget management and control, (5) financial status and progress reports, (6) program performance and accomplishments, (7) property management, and (8) special cooperative agreement requirements. We determined that post end-date activities, matching costs, program income, and monitoring of subgrantees and contractors were not applicable to this performance audit.

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

Based on our audit testing, we determined that CU did not comply with all of the cooperative agreement requirements we tested, resulting in questioned costs of \$29,429. Specifically, we found the following exceptions:

- 2 positions charged to the agreement were not in the approved budget resulting in \$16,408 in questioned costs.
- 8 payroll transactions were not properly supported resulting in \$13,021 in questioned costs.
- 1 of the 3 progress reports filed with OJP was submitted 15 days late.

We make two recommendations as a result of our audit of the cooperative agreement. These are discussed in detail in the Findings and Recommendations section of the report. Our audit Objective, Scope, and Methodology appear in *Appendix I* and our Schedule of Dollar-Related findings are located in *Appendix II*.

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INTRODUCTION

The U.S. Department of Justice, Office of the Inspector General (OIG), Audit Division, has completed an audit of the Office of Justice Programs (OJP), National Institute of Justice (NIJ) Basic Scientific Research to Support Forensic Science for Criminal Justice Purposes, cooperative agreement No. 2011-DN-BX-K533 totaling \$894,629, awarded to the Regents of the University of Colorado, Boulder, (CU) as shown in Exhibit 1.

EXHIBIT 1: COOPERATIVE AGREEMENT AWARDED TO CU

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2011-DN-BX-K533	08/25/11	01/01/12	12/31/13	\$894,629

Source: Office of Justice Programs (OJP) Grants Management System (GMS)

Background

The Office of Justice Programs (OJP), a component of the U.S. Department of Justice, provides 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. 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 National Institute of Justice (NIJ), the research, development and evaluation agency of the U.S. Department of Justice, is dedicated to improving knowledge and understanding of crime and justice issues through science. NIJ provides objective and independent knowledge and tools to reduce crime and promote justice, particularly at the state and local levels.

The Basic Scientific Research to Support Forensic Science for Criminal Justice Purposes solicitation sought applicants to fund basic scientific research in the physical, life, and cognitive sciences that was designed to increase the knowledge underlying forensic science disciplines intended for

use in the criminal justice system. The award made to CU was specifically for the characterization of bacterial and fungal communities associated with corpse decomposition using next generation sequencing.

CU was the first public university to open its doors in Colorado and is the flagship of the four-campus University of Colorado System. CU offers 78 degree programs at the bachelor's level, 56 at the master's level, and 53 at the doctoral level. It has 78 research centers and institutes exploring the arts and sciences, business, education, engineering, environmental design, journalism, law, music and other disciplines. CU was awarded more than \$380 million in sponsored research funding in fiscal year (FY) 2012.

Our Audit Approach

The purpose of the audit was to determine whether costs claimed under cooperative agreement No. 2011-DN-BX-K533 were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award. The objective of the audit was to review performance in the following areas: (1) internal control environment, (2) drawdowns, (3) award expenditures, (4) budget management and control, (5) financial status and progress reports, (6) program performance and accomplishments, (7) property management, and (8) special cooperative agreement requirements. We determined that post end-date activities, matching costs, program income, and monitoring of subgrantees and contractors were not applicable to this agreement audit.

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

- **Internal Control Environment** - to determine whether the internal controls in place for the processing and payment of funds were adequate to safeguard cooperative agreement funds and ensure compliance with the terms and conditions of the award.
- **Drawdowns** - to determine whether drawdowns were adequately supported and if CU was expending drawdowns timely.
- **Expenditures** - to determine the accuracy and allowability of costs charged to the award, including accountable property, payroll expenditures, fringe benefit expenditures, and indirect costs.

- **Budget Management and Control** – to determine whether there were deviations between the amounts budgeted and the actual costs for each category.
- **Federal Financial Reports (FFRs) and Progress Reports** - to determine whether the required FFRs and Progress Reports were submitted in a timely manner and accurately reflect award activity.
- **Program Performance and Accomplishments** - to determine whether CU has met the award objectives.
- **Award Requirements** - to determine whether CU complied with award guidelines and special conditions.

We make two recommendations as a result of our audit of the cooperative agreement. These are discussed in detail in the Findings and Recommendations section of the report. Our audit Objective, Scope, and Methodology appear in *Appendix I* and our Schedule of Dollar-Related Findings are located in *Appendix II*.

FINDINGS AND RECOMMENDATIONS

We determined that CU has documented policies and procedures related to procurement and financial and accounting functions. Drawdowns were adequately supported and expended timely, and Financial Reports were accurate and submitted timely. Specific to progress reports, we did not find anything that would indicate CU was not reporting actual accomplishments, in-line with the program goals and objectives. We did find, one of the three submitted progress reports was submitted 15 days late. In addition, 2 positions, charged to the award were not in the approved budget and 8 payroll transactions were not properly supported. As a result, we questioned \$29,429 in questioned costs.

Internal Control Environment

We reviewed CU's internal control environment, including procurement, receiving, payment, and payroll procedures to determine compliance with the terms and conditions of the cooperative agreement award and to assess risk. We also interviewed management and key personnel, and inspected documents and records in order to further assess risk.

Single Audit

The *Office of Management and Budget (OMB) Circular A-133* requires that non-federal entities that expend \$500,000 or more per year in federal awards have a Single Audit performed annually. The State of Colorado Statewide Single Audit includes all departments, institutions, and agencies of state government. We determined that the most recent Statewide Single Audit was for FY 2012, which ended June 30, 2012. We reviewed the audit report and found one finding for the University of Colorado, Denver. The finding was not related to a Department of Justice (DOJ) grant or the University of Colorado, Boulder.

Financial Management System

We reviewed CU's financial management system, interviewed officials, and inspected award documents. We determined that CU has documented policies and procedures related to procurement and financial and accounting functions.

CU has used PeopleSoft as its accounting system since 2001. The PeopleSoft system includes traditional accounting system components, such

as Accounts Receivable and Accounts Payable. In addition, CU uses three separate systems for procurement and purchasing, travel, and for payroll. The three systems are integrated with PeopleSoft and everything is handled electronically. CU requires employees receive PeopleSoft training. In addition, employees are given a PeopleSoft ID and are required to create a password. PeopleSoft tracks journal entries by name.

CU has written policies and procedures for purchasing and procurement that detail different purchase thresholds and the ways in which purchase at certain thresholds can be made. For example, if the total purchase is \$5,000 or less, then the purchase can be made with a procurement card, small dollar purchase order, payment voucher, an interdepartmental invoice, or an interdepartmental order. If the total purchase is above \$5,000 then a purchase requisition, standing purchase order requisition, or a payment voucher can be used. CU also has an appropriateness of expenses policy that details the roles of the expense requestor and approver.

Drawdowns

The *OJP Financial Guide* states that award recipients should request funds based upon immediate disbursement or reimbursement needs. Award recipients should time their drawdown requests to ensure that federal cash on hand is the minimum needed for reimbursement or disbursements that are to be made immediately or within 10 days.

As of April 17, 2013, CU drew down a total of \$374,370 under the agreement. CU officials stated that drawdowns were requested on a reimbursement basis and we compared the drawdowns to the CU accounting records and found funds were drawn on a reimbursement basis. In addition, the comparison showed the accounting records adequately supported each drawdown.

Agreement Expenditures

According to CU's records, it expended a total of \$374,300 as of March 31, 2013 on the NIJ cooperative agreement that we audited. These expenditures were comprised of both direct and indirect costs. Direct costs included salaries, fringe benefits, travel, equipment, supplies, consulting, and other direct costs. Indirect costs included overhead and general administrative costs allocated based on an approved indirect labor rate. The fringe benefit costs were also based on an approved fringe benefit rate.

To determine if award funds expended were allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, and award

documentation, we tested a judgmental sample of 50 transactions from a universe of 236 transactions. We reviewed documentation to determine if the expenses were approved and authorized, within the scope of the award, properly classified in the accounting records, properly supported, and correctly charged to the award. In performing the transaction tests, we found the following:

- 1 of the 50 expenses in our sample was not properly classified. Approved supplies were purchased and incorrectly charged to equipment. CU officials re-classed to supplies in April 2013 and as a result, we take no further exception to the classification of the expense.
- All 50 expenses in our sample were accurately recorded in the accounting records.
- All 50 expenses in our sample had sufficiently detailed and complete supporting documentation, which identified the correct amount charged to the award, and included original receipts.
- All 50 expenses in our sample, receipt of the equipment, supplies, or services was verified by an individual with appropriate knowledge.

However, we found that 3 expenses in our sample were not approved by the awarding agency. Two Research Associate positions were not in the approved budget and their time was charged to the award, resulting in \$16,408 in questioned costs. According to CU officials, the work performed by the two Research Associates did not change the scope of the agreement. We recommend OJP remedy the \$16,408 in salary expense for the two unapproved positions charged to the award.

Eight expenses in our sample were not properly supported. The *OJP Financial Guide* states, "Where grant recipients work on multiple grant programs or cost activities, a reasonable allocation of costs to each activity must be made based on time and or effort reports. These reports must be prepared monthly and coincide with one or more pay periods." We found that the time charged for these 8 payroll expenses was based on a percentage reported at the end of the semester. There was no documentation to support the actual time and effort used to determine those percentages. As a result, we question \$13,021 as unsupported salary expenditures. We recommend OJP remedy the \$13,021 in unsupported salary expenditures.

Budget Management and Control

The *OJP Financial Guide* states that movement of dollars between approved budget categories is allowed up to 10 percent of the total budget amount provided there is no change in project scope. When cumulative changes exceed 10 percent of the total award amount or change the scope of the project, prior approval is required of OJP. We compared the total expenditures by budget category between CU's financial records and OJP's approved budget. Our analysis did not reveal any movement of expenditures greater than 10 percent of total budgeted expenditures.

Reporting

According to the *OJP Financial Guide*, award recipients are required to submit both quarterly Federal Financial Reports (FFR) and semiannual Progress Reports. These reports described the status of the funds, compared actual accomplishments to the objectives of the agreements, and reported other pertinent information. We reviewed the FFRs and Progress Reports submitted by CU to determine whether each report was accurate and submitted in a timely manner.

Financial Reporting

According to the *OJP Financial Guide*, the quarterly FFRs are due no later than 30 days after the end of the quarter, with the final FFR due within 90 days after the end date of the award. We reviewed the timeliness of the 5 FFRs submitted so far, during the award period of the agreement and found CU had submitted the 5 FFRs timely.

We also reviewed each FFR to determine whether the report contained accurate information related to actual expenditures incurred during the reporting period. Our comparison of expenditures reported in the FFR's to expenditures recorded in CU's accounting system revealed the reports were accurate.

Semiannual Progress Reports

According to the *OJP Financial Guide*, Progress Reports must be submitted within 30 days after the end of the reporting periods of June 30 and December 31, for the life of the award. As of June 30, 2013, CU was required to submit 3 Progress Reports. We found that CU submitted 2 of the 3 Progress in a timely manner. CU officials explained the first progress report, which was submitted 15 days late, was due to a CU staffing change resulting in no one being able to access GMS to submit the report. Given

that the login issue was an isolated incident and the following 2 Progress Reports were submitted timely, we make no recommendation regarding the late progress report.

We also reviewed Progress Reports to see if CU was meeting the agreement goals and objectives. The solicitation and the award documents did not contain specific award goals and objectives, rather they were tied to the research being conducted and were detailed out in an abstract, which was compiled and submitted by CU as part of their proposal. In addition, given the scientific nature of the research project, CU officials provided us with a written narrative presenting the preliminary results of the research supported by the agreement.

As a result, to verify the information in the Progress Reports, we reviewed the three Progress Reports submitted as of June 30, 2013, and compared that information to the goals and objectives in the abstract and the information contained in the preliminary research results narrative. We did not find anything that led us to believe the Progress Reports were not reporting actual accomplishment, in-line with the goals and objectives of the award.

Award Requirements

We reviewed CU's compliance with additional award requirements, such as the agreements' special conditions and found that the agreement contained typical standard language requirements for adherence to laws, regulations and other guidelines. We found that CU complied with the additional award requirements we reviewed. Specifically, CU did not pay a consulting rate that exceeds \$450 a day. Also, CU did not use federal funds to pay cash compensation to CU employee's working on the agreement at a rate that exceeds 110 percent of the maximum annual salary to a member of the federal government's Senior Executive Service (SES).

Program Performance and Accomplishments

The agreement is a scientific research award from OJP to support the characterization of bacterial and fungal communities associated with corpse decomposition using next generation sequencing. It is a discretionary research award funded under the Basic Scientific Research to Support Forensic Sciences FY 2011 Solicitation.

The solicitation stated that the DOJ, NIJ was seeking applications for funding basic scientific research that underlies the multidisciplinary field of forensic science. The program furthers the DOJ's mission by sponsoring

research to provide objective, independent, evidence-based knowledge and tools to meet the challenges of crime and criminal justice. With the solicitation, NIJ was seeking proposals for funding basic scientific research in the physical, life, and cognitive sciences that is designed to increase the knowledge underlying forensic science disciplines intended for use in the criminal justice system.

Program Objectives

As mentioned previously, under semiannual Progress Reports, the solicitation and the award documents did not contain specific award goals and objectives, rather they are tied to the research being conducted and were detailed out in an abstract, which was compiled and submitted by CU as part of its proposal. According to the abstract, the purpose of the research is to determine whether the succession of bacterial and fungal communities associated with corpses and their gravesoil are sufficiently predictable to be useful for forensic science and criminal justice. There are 3 goals:

- Goal 1: Determine whether bacterial and fungal decomposer communities change in a predictable manner as corpse decomposition proceeds.
- Goal 2: Determine whether decomposer communities change the endogenous soil community in detectable ways.
- Goal 3: Determine whether decomposer communities are universal or source-specific by characterizing variations in these communities across soil types and mammalian corpse species.¹

To achieve the research goals outlined, CU proposed three phases of experiments: a succession experiment, a cross-soil experiment, and a cross-taxa survey of gravesoil.² Specifically,

Phase 1 - Lab-based assessment of bacterial and fungal communities associated with the decomposition of a model organism, a mouse.

- Objective 1 of Phase 1 - Determine whether the changes in decomposer communities over time are predictable.

¹ Mammalian is an animal of a large class of warm-blooded vertebrates having mammary glands.

² Taxa is the plural of taxon, which is the name applied to the study of the general principles of scientific classification.

- Objective 2 of Phase 1 - Identify those bacterial and fungal taxa derived from the corpse itself by measuring community change in the presence of sterile soil.
- Objective 3 of Phase 1 - Determine whether taxa associated with corpse decomposition communities are detectable in the gravesoils.

Phase 2 - Lab-based assessment of bacterial and fungal communities associated with the decomposition of mice on three contrasting soil types.

- Objective 1 of Phase 2 - Determine whether decomposer communities are similar given different source soil communities and if they exhibit similar changes over time.
- Objective 2 of Phase 2 - Determine whether signatures of decomposer communities persist in soil after a corpse is removed.

Phase 3 - A survey of gravesoils associated with pig cadavers, and human cadavers.

- Objective 1 of Phase 3 Determine which features of studies involving model organisms can be used to study microbial decomposer community patterns associated with humans.

Analysis of Program Performance

Given the scientific nature of the award, the only true way to verify CU's claims of program success would be to recreate the experiments. As a result, rather than reviewing a sample of program accomplishments, we reviewed the progress reports as well as the written narrative presenting the preliminary results of the research supported by the agreement. We did not find anything that led us to believe CU was not meeting the goals and objectives of the award.

Specifically, for Phase 1, the experiment was successfully completed, the results prepared, and the manuscript is in the final stages. For Phase 2, the experiment was successfully completed and the data processed, the preliminary analysis of the data follows a similar pattern as what was detected in Phase 1. As for Phase 3, gravesoils associated with pig cadavers have been collected and preliminary results analyzed. Results from the outdoor experiments follow a similar pattern to what was discovered in laboratory experiments in Phase 1 and 2.

Conclusion

The purpose of this audit was to determine whether reimbursements claimed for costs under Cooperative Agreement No. 2011-DN-BX-K533 were allowable, supported, and in accordance with applicable laws, regulations, guidelines, terms and conditions of the award, and to determine program performance and accomplishments. We reviewed the internal control environment, drawdowns, agreement expenditures, budget management and control, financial and progress reporting, program performance and accomplishments, and award requirements. We found 2 positions charged to the award that were not in the approved budget and 8 transactions that were not properly supported, resulting in \$29,429 in questioned costs. Finally, we found one Progress Report was submitted 15 days late. A detail listing of the questioned costs can be found in the Schedule of Dollar-Related Findings in Appendix II of this report.

Based on all of the above findings, we question a total of \$29,429 and make 2 recommendations.

Recommendations

We recommend that OJP:

1. Remedy the \$16,408 in salary expense for two unapproved positions charged to the award.
2. Remedy the \$13,021 in unsupported salary expenditures.

APPENDIX I

OBJECTIVE, SCOPE, AND METHODOLOGY

The purpose of this audit was to determine whether reimbursements claimed for costs under Cooperative Agreement No. 2011-DN-BX-K533 were allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the cooperative agreement. The objective of our audit was to review performance in the following areas: (1) internal control environment, (2) drawdowns, (3) award expenditures, (4) budget management and control, (5) financial status and progress reports, (6) program performance and accomplishments, (7) property management, and (8) special cooperative agreement requirements. We determined that post end-date activities, matching costs, program income, and monitoring of subgrantees and contractors were not applicable to this performance audit.

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.

We audited \$894,629 in funding awarded to CU under Cooperative Agreement, No. 2011-DN-BX-K533. Our audit covered, but was not limited to, the program period, including \$374,370 in associated expenditures beginning in January 2012 through March 31, 2012.

We tested CU's compliance with what we consider to be the most important conditions of the agreement. Unless otherwise stated in our report, the criteria we audit against are contained in the *OJP Financial Guide*, the award documents, Code of Federal Regulations, and Office of Management and Budget (OMB) Circulars. Specifically we tested:

- **Internal Control Environment** - to determine whether the internal controls in place for the processing and payment of funds were adequate to safeguard cooperative agreement funds and ensure compliance with the terms and conditions of the award.
- **Drawdowns** - to determine whether drawdowns were adequately supported and if CU was expending drawdowns timely.

- **Expenditures** - to determine the accuracy and allowability of costs charged to the cooperative agreement, including accountable property, payroll expenditures, fringe benefit expenditures, and indirect costs.
- **Budget Management and Control** - to determine whether there were deviations between the amounts budgeted and the actual costs for each category.
- **Federal Financial Reports (FFRs) and Progress Reports** - to determine whether the required FFRs and Progress Reports were submitted in a timely manner and accurately reflect award activity.
- **Program Performance and Accomplishments** - to determine whether CU met the award objectives.
- **Award Requirements** - to determine whether CU complied with award guidelines and special conditions.

In conducting our audit, we reviewed the internal controls of CU's financial management system specific to the management of DOJ agreement funds during the agreement period under review. However, we did not test the reliability of the financial management system as a whole. We also performed limited tests of source documents to assess the accuracy and completeness of reimbursement requests.

In our limited testing, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the agreement reviewed, such as dollar amounts or expenditure category. We selected a judgmentally sample of 50 transactions from a universe of 236; this non-statistical sample design does not allow projection of the test results to the universes from which the samples were selected. We also tested for the timeliness and accuracy of submitted financial and progress reports.

APPENDIX II

SCHEDULE OF DOLLAR-RELATED FINDINGS

Description	Amount	Page
Questioned Costs³		
Unallowable Salary Expenditures	\$ 16,408	6
Unsupported Salary Expenditures	\$ 13,021	6
<i>Total (Gross):</i>	<i>\$ 29,429</i>	
<i>Less Duplication⁴</i>	<i>(\$ 3,288)</i>	
NET QUESTIONED COSTS	\$26,141	
TOTAL NET DOLLAR RELATED FINDINGS	\$26,141	

³ **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.

⁴ Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amount.

APPENDIX III

THE REGENTS OF THE UNIVERSITY OF COLORADO, BOULDER'S RESPONSE TO THE DRAFT REPORT



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November 19, 2013

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

Dear Mr. Sheeren,

Below is the official response to the audit report on the Audit of the Office of Justice Programs, Basic Scientific Research to Support Forensic Science for Criminal Justice, Cooperative Agreement awarded to the Regents of the University of Colorado, Boulder.

Response to Finding 1 of DOJ Draft Audit Report

The following is the University of Colorado at Boulder's (CU-Boulder) response to the \$16,408 in questioned cost related to salary expense for two positions charged to the award.

According to the approved budget CU-Boulder is budgeted for 2.67 Full Time Equivalent (FTE) for research associates and one graduate student at .4 FTE or 50% per month.

The project has been under the allotted personnel allocation of 2.67 FTE's/month for research associates with the exceptions of December 2012 and January 2013 when CU-Boulder had 3.0 FTE's on the project due to the need to meet interim goals.

The average monthly personnel budget is \$14,012 per month for year one of the grant (\$168,144/12) and \$14,371 per month for year two of the grant (\$172,457/12). No month during the project has exceeded the inferred allowed monthly personnel budget, including the months of December 2012 and January 2013.

The research associated with the grant is being conducted at an academic institution. Given the multiple demands on the principal investigators conducting the study, flexibility in effort expended is necessary to obtain optimal results. As noted above, the allowed monthly personnel budget has not been exceeded at any point during the award.

As total personnel costs have not exceeded budget amounts, CU-Boulder does not agree with the recommendation to remedy the \$16,408 in salary expenses.

Response to Finding 2 of DOJ Draft Audit Report

The following is CU-Boulder's response to recommendation #2 for \$13,021 in salary expenditures.

According to OJP Financial Guide, "Where grant recipients work on multiple grant programs... a reasonable allocation of costs to each activity must be made based on time and/or effort reports. These reports must be prepared monthly."

The department does a reasonable allocation of work monthly but time and effort are certified every semester as prescribed by Office of Management and Budget (OMB) Circular A-21. OMB Circular A-21 states: "salary and wage costs are allowable if:

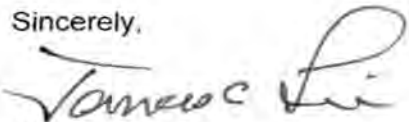
- a. The amount of compensation is supported and documented
- b. The compensation conforms to the established policies of the institution
- c. The institutional policies are consistently applied"

The University of Colorado's policy on effort reporting is consistent with federal guidelines. The department is following institutional policy to ensure monthly allocations are done properly and the effort reports are certified timely and in accordance with OMB Circular A-21. CU-Boulder also has adequate internal control in place to ensure all salary and wage costs are properly supported. The audit of this award reviewed procurement, receiving, payment, and payroll internal control procedures. No weaknesses were noted in any of these areas.

CU-Boulder's practices, taken in their totality, are in conformity with the Financial Guide. Therefore, these eight payroll expenses should not be disallowed. CU-Boulder therefore does not agree with the recommendation to remedy the \$13,021 for salary expenditures as those expenditures are adequately supported and are in substantial compliance with the Financial Guide and with OMB Circular A-21.

Please contact me at (303)735-6435 if you have questions.

Sincerely,



James C. Lei
Assistant Director
Accounting and Business Support
University of Colorado Boulder

APPENDIX IV

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

November 27, 2013

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

FROM: /s/
Maureen A. Henneberg
Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs, Basic Scientific Research to Support Forensic Science for Criminal Justice, Cooperative Agreement Awarded to the Regents of the University of Colorado, Boulder*

This memorandum is in reference to your correspondence, dated October 22, 2013, transmitting the above-referenced draft audit report for the Regents of the University of Colorado, Boulder (CU). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **two** recommendations and **\$26,141⁵** in net 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 remedy the \$16,408 in salary expenses for two unapproved positions charged to the award.

OJP agrees with the recommendation. We will coordinate with CU to remedy the \$16,408 in questioned salary expenses.

2. We recommend that OJP remedy the \$13,021 in unsupported salary expenditures.

OJP agrees with the recommendation. We will coordinate with CU to remedy the \$13,021 in unsupported salary expenditures.

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
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Program Analyst
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Danielle McLeod-Henning

⁵ Some questioned costs were questioned for more than one reason. Net questioned costs exclude the duplicate amount.

Physical Scientist
National Institute of Justice

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APPENDIX V

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 Regents of the University of Colorado, Boulder (CU) and the Office of Justice Programs (OJP). CU's response is incorporated in Appendix III of this final report, and OJP's response is included as Appendix IV. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Analysis of CU's Response

In response to our audit report, CU disagreed with both of our recommendations. Specifically, in its response to Recommendation No. 1, remedy the \$16,408 in salary expenses for two unapproved positions charged to the award, CU officials stated that given the multiple demands on the principle investigators conducting the study, flexibility in effort expended is necessary to obtain optimal results. CU officials also noted in their response that the allowed monthly personnel budget has not been exceeded at any point during the award. Although we recognize the unique challenges of conducting grant related research at an academic institution, the *OJP Financial Guide* requires that a grantee initiate a Grant Adjustment Notice (GAN) for changes in scope, duration, activities, or other significant areas. These changes include, but are not limited to, experiencing or making changes to the organization of staff with primary responsibility for implementation of the award. In our judgment, CU should have obtained a GAN for the two positions not approved in the grant budget.

In response to recommendation number 2, remedy the \$13,021 in unsupported salary expenditures, CU officials stated that they do a reasonable allocation of work monthly but time and effort are certified every semester as prescribed by OMB Circular A-21, which states salary and wage costs are allowable if: (a) the amount of compensation is supported and documented; (b) the compensation conforms to the established policies of the institution; and (c) the institutional policies are consistently applied. In their response CU officials go on to explain that their effort on reporting is consistent with federal guidelines and that they are following institutional policy to ensure monthly allocations are done properly and the effort reports are certified timely and in accordance with OMB Circular A-21.

However, the cooperative agreement award documents list special conditions and special condition number one says the recipient agrees to comply with the financial and administrative requirements set forth in the current edition of the *OJP Financial Guide*. As stated in our draft report, the *OJP Financial Guide* states, "where grant recipients work on multiple grant programs or cost activities, a reasonable allocation of costs to each activity must be made based on time and or effort reports. These reports must be prepared monthly and coincide with one or more pay periods." For the eight payroll expenses, the time charged to the agreement was based on a percentage reported at the end of the semester; however, there was no documentation supporting the actual time and effort used to determine those percentages. As a result, in our judgment, the eight payroll transactions were not properly supported under the requirements of the *OJP Financial Guide*.

Summary of Actions Necessary to Close the Report

1. **Resolved.** OJP agreed with our recommendation to remedy the \$16,408 in salary expenses for two unapproved positions charged to the award. OJP stated in its response that it will coordinate with CU to remedy the \$16,408 in questioned salary expenses.

This recommendation can be closed when we receive documentation that OJP has remedied the \$16,408 in questioned salary expenses.

2. **Resolved.** OJP agreed with our recommendation to remedy the \$13,021 in unsupported salary expenditures. OJP stated in its response that it will coordinate with CU to remedy the \$13,021 in unsupported salary expenditures.

This recommendation can be closed when we receive documentation that OJP has remedied the \$13,021 in unsupported salary expenditures.