



**AUDIT OF NATIONAL INSTITUTE OF JUSTICE
DNA BACKLOG REDUCTION PROGRAM GRANTS
AWARDED TO THE
ALABAMA DEPARTMENT OF FORENSIC SCIENCES**

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

Audit Report GR-40-14-001
March 2014

AUDIT OF NATIONAL INSTITUTE OF JUSTICE DNA BACKLOG REDUCTION PROGRAM GRANTS AWARDED TO THE ALABAMA DEPARTMENT OF FORENSIC SCIENCES

EXECUTIVE SUMMARY

The Department of Justice (DOJ) Office of the Inspector General, Audit Division, has completed an audit of DNA Backlog Reduction Program grants awarded by the National Institute of Justice to the Alabama Department of Forensic Sciences.¹ The primary goal of the DNA backlog reduction program is to assist eligible states and units of local government to reduce forensic DNA sample turnaround time and increase the production of public DNA laboratories. From 2009 through 2012, the Department of Forensic Sciences received \$7,525,176 for seven grants.

Audit Results

The purpose of the audit was to determine whether the Department of Forensic Sciences used grant funds for costs that were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grants; and whether the Department of Forensic Sciences met or was on track to meet the goals and objectives outlined in the grant programs and applications.

The objective of the audit was to determine whether the Department of Forensic Sciences complied with essential grant conditions pertaining to: (1) internal controls, (2) grant drawdowns, (3) grant expenditures, (4) budget management and control, (5) property management, (6) financial and grant progress reports, (7) grant goals and accomplishments, and (8) monitoring contractors.

We found that the Department of Forensic Sciences generally complied with the essential grant conditions we tested.

Our results are discussed in detail in the Findings and Recommendations section of the report. Our audit Objectives, Scope, and Methodology are discussed in Appendix I.

¹ DNA, or deoxyribonucleic acid, is genetic material found in almost all living cells that contains encoded information necessary for building and maintaining life. Approximately 99.9 percent of human DNA is the same for all people. The differences found in the remaining 0.1 percent allow scientists to develop a unique set of DNA identification characteristics (a DNA profile) for an individual by analyzing a specimen containing DNA.

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INTRODUCTION

The Department of Justice (DOJ) Office of the Inspector General, Audit Division, has completed an audit of DNA Backlog Reduction Grants awarded by the National Institute of Justice (NIJ), to the Alabama Department of Forensic Sciences.² The primary goal of the DNA backlog reduction program is to assist eligible states and units of local government to reduce forensic DNA sample turnaround time and increase the production of public DNA laboratories.

As shown in the following exhibit, from 2009 through 2012, the NIJ awarded the Department of Forensic Sciences \$7,525,176 for seven grants.

Exhibit 1: DNA Backlog Reduction Grants Awarded to the Department of Forensic Sciences

Award Number	Award Start Date	Award End Date	Award Amount
2009-D1-BX-K014	10/01/2009	07/31/2014	\$1,000,000
2009-DN-BX-K117	10/01/2009	03/31/2012	947,152
2010-DD-BX-0604	10/01/2010	09/30/2014	1,400,000
2010-DN-BX-K034	10/01/2010	03/31/2012	593,807
2010-DN-BX-K115	10/01/2010	12/31/2012	977,422
2011-DN-BX-K423	10/01/2011	03/31/2013	1,489,966
2012-DN-BX-0062	10/01/2012	03/31/2014	1,116,829
Total			\$7,525,176

Source: Office of Justice Programs

Background

The Alabama Department of Forensic Sciences is an independent state agency, which provides forensic services to law enforcement agencies throughout Alabama. The Department of Forensic Sciences is headquartered in Auburn, Alabama. It maintains four regional laboratories located in Huntsville, Birmingham, Montgomery, and Mobile. The Department of Forensic Sciences seeks to provide unbiased scientific analysis of evidence in the pursuit of justice in the criminal system.

² DNA, or deoxyribonucleic acid, is genetic material found in almost all living cells that contains encoded information necessary for building and maintaining life. Approximately 99.9 percent of human DNA is the same for all people. The differences found in the remaining 0.1 percent allow scientists to develop a unique set of DNA identification characteristics (a DNA profile) for an individual by analyzing a specimen containing DNA.

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

Audit Approach

The purpose of this audit was to determine whether the Department of Forensic Sciences used grant funds for costs that were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grants; and whether the Department of Forensic Sciences met or was on track to meet the goals and objectives outlined in its grant programs and applications.

The objective of the audit was to determine whether the Department of Forensic Sciences complied with essential grant conditions pertaining to: (1) internal controls, (2) grant drawdowns, (3) grant expenditures, (4) budget management and control, (5) property management, (6) financial and grant progress reports, (7) grant goals and accomplishments, and (8) monitoring contractors.

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 grant award documents, OJP Financial Guide, Code of Federal Regulations, and Office of Management and Budget Circulars. We tested the Department of Forensic Sciences' compliance with:

- **internal controls** to identify policies, methods, and procedures designed to ensure the Department of Forensic Sciences met the fiscal and programmatic requirements and the goals and objectives of the grants;
- **grant drawdowns** to determine whether grant drawdowns were adequately supported and if the Department of Forensic Sciences managed grant receipts in accordance with federal requirements;
- **grant expenditures** to determine the accuracy and allowability of costs charged to the grant;
- **budget management and control** to identify any budget deviations between the amounts budgeted and the actual costs for each cost category;
- **property management** to determine if property items acquired with grant funds are tracked in a system of property records, adequately protected from loss, and used for grant purposes;
- **financial and grant progress reports** to determine if those reports were accurate and submitted when due;

- **grant goals and accomplishments** to determine if the Department of Forensic Sciences met or was on track to meet the goals outlined in the grant programs and applications; and
- **monitoring contractors** to determine whether the Department of Forensic Sciences took appropriate steps to ensure that contractors met the fiscal and programmatic requirements of the grants.

In conducting our audit, we performed sample testing in the areas of internal controls, expenditures, property management, and goals and accomplishments.

Our results are discussed in detail in the Findings and Recommendations section of the report. Our audit Objectives, Scope, and Methodology are discussed in Appendix I.

FINDINGS AND RECOMMENDATIONS

We found that \$5,998,347 of the total \$7,525,176 in grant funds the Alabama Department of Forensic Sciences requested for DNA backlog reduction-related expenditures were allowable and supported. While the backlog had not been eliminated, it had been reduced from 1,869 cases in October 2009 to 1,025 cases in June 2013.

Internal Controls

We reviewed the Department of Forensic Sciences' financial management system, policies and procedures, and Single Audit reports to assess the risk of non-compliance with laws, regulations, guidelines, and terms and conditions of the grants. To further assess risk, we performed testing of controls over the backlog caseload and interviewed Department of Forensic Sciences' officials about control policies and procedures.

Financial Management System

The financial management system included applications for payroll, accounting, and purchasing, and allowed for the separate accounting of each grant. Federal funds were deposited into a separate interest bearing account and there was sufficient separation of duties. We concluded that the Department of Forensic Sciences' financial management system was adequate but we did not assess the reliability of the system as a whole.

Single Audits

According to the Office of Management and Budget Circular A-133, an entity expending more than \$500,000 in federal funds in 1 year is required to perform a Single Audit annually, with the report due no later than 9 months after the end of the audit period. The State of Alabama's fiscal year runs from October 1 through September 30 with the Single Audit report due by June 30 the following year. The state's expenditures were \$9,189,749,349 in FY 2012, which required the city to undergo a Single Audit. We also reviewed the Single Audit reports for FYs 2011 and 2010. Both reports were completed by the due date. The reports included findings from other federal awards, however, there were no findings pertaining to DOJ awards or crosscutting to all federal awards.

Backlog Verification Testing

We tested the Department of Forensic Sciences' control over its DNA case backlog by judgmentally selecting samples of 90 cases (or 10 percent) of the 896 backlog recorded on March 31, 2012, and 80 cases (or 10 percent) of the 799 backlog recorded on August 26, 2013. We judgmentally selected the dates reviewed. We performed our testing to determine if the cases had been properly included in the backlog numbers. A backlog case is defined as a forensic biology or

DNA case that has not been completed within 30 days of receipt in the laboratory. We found that all cases were accurately recorded as backlogged cases. Because the Department of Forensic Sciences properly recorded all sampled cases as part of the backlog, we did not expand our testing to a sample representative of the entire backlog.

Drawdowns

The OJP Financial Guide requires grant recipients to time drawdown requests to ensure that federal cash-on-hand is the minimum needed for disbursements to be made immediately or within 10 days. Grant recipients have 90 days after the end of the grant award period to drawdown grant funds for costs obligated during the grant award period. Any funds not obligated within the grant award period will lapse and revert to the awarding agency. The obligation deadline is the last day of the grant award period unless otherwise stipulated. Department of Forensic Sciences' officials told us that drawdowns were accomplished on a reimbursement basis. We reviewed the Department of Forensic Sciences' accounting records and compared expenditures to actual drawdowns. We found that all drawdowns were adequately supported.

Grant Expenditures

Allowable costs are those identified in the Office of Management and Budget Circulars and in the grant program's authorizing legislation. Grant costs must be reasonable and permissible under the specific guidance for the grants. As of June 2013, the Department of Forensic Sciences had drawn down a combined \$5,998,347 from all seven grants. We judgmentally selected and tested \$4,205,968 (or 70 percent) from these expenditures by comparing the Department of Forensic Science's accounting records to receipts and invoices. We found that all expenditures were adequately supported except for \$804 expended for supplies and other materials. Regarding those expenditures, we determined that the expenditures were allowable, properly recorded, and supported by invoices but the purchase request forms could not be located. Department of Forensic Sciences' officials told us that they were unable to locate supporting records for those expenditures. We consider this finding immaterial and therefore do not question the cost or make any recommendation.

Budget Management and Control

According to the OJP Financial Guide, grant recipients may request a modification to their approved budgets to reallocate dollar amounts among approved budget categories. Grantees must obtain approval from OJP whenever: (1) a budget revision changes the scope of the project and affects a cost category that was not included in the original budget, or (2) cumulative transfers among approved budget categories exceed or are expected to exceed 10 percent of the total approved budget (10-percent rule). Failure to adequately control grant budgets could lead to wasteful or inefficient spending of government funds.

We reviewed the Department of Forensic Sciences' approved budget and accounting records to determine whether it adhered to the 10-percent rule. We found that for one grant (2009-DN-BX-K117), the Department of Forensic Sciences made \$47,294 in transfers, which exceeded the rule. This occurred when the Department of Forensic Sciences made \$92,949 in payments under a contracting budget category even though that category had not been approved by OJP. The Department of Forensic Sciences' grant administrator told us that the expenditures connected to the transfers were for an architectural renovation project. The renovation project had been approved by OJP in the grant budget as "other" costs and not "contractual" costs. We determined that had the \$92,949 in payments been properly categorized, the Department of Forensic Sciences would not have exceeded the 10-percent rule; consequently, we make no recommendation.

Property Management

The OJP Financial Guide requires grant recipients to use good judgment in the acquisition and management of property purchased from federal funds. Property acquired with federal funds should be managed in accordance with the awarding agency's rules and procedures and submitted in an annual inventory listing. Grant recipients are required to retain records for equipment, nonexpendable personal property, and real property for a period of 3 years from the date of disposition, replacement, or transfer at the discretion of the awarding agency.

Department of Forensic Sciences officials told us that grant-funded property is accounted for by the Department of Forensic Sciences' Asset Management System. The system records a property and fund number to each property item. Officials also told us that it conducts an annual inventory check of property and equipment. We reviewed the Department of Forensic Sciences' inventory records of grant-funded property and judgmentally selected 71 property items valued at \$1,120,718 to physically verify. These items were located in the Department of Forensic Sciences Auburn, Montgomery, and Birmingham laboratories and the morgue located in Montgomery. We verified all property items in our sample and concluded that the Department of Forensic Sciences had adequate controls over its accountable property.

Grant Reports

Grant recipients are required to submit both timely and accurate financial and program reports. These reports describe the status of the funds of the project, compare actual accomplishments to objectives, and provide other pertinent information.

Federal Financial Reports are due 30 days after the end of each calendar quarter. A final financial report is due 90 days after the end of the grant period.

Progress Reports are due semiannually on June 30 and December 31. Grantees are required to submit a final grant Progress Report within 90 days after the end of the grant award period. Progress Reports are used to describe the performance of activities or the accomplishment of objectives as set forth in the approved award application.

Financial Reports

We reviewed the four most recently submitted financial reports for six of the seven grants (24 reports total) to determine whether the reports were submitted when due. We also reviewed the three most recently submitted financial reports for grant 2012-DN-BX-0062 because the remaining report was not due at the time of our testing. We found that all 27 reports were submitted timely.

We also reviewed the accuracy of the financial reports by comparing Department of Forensic Sciences' expenditures to accounting records. We found that the reports were accurate.

Progress Reports

We reviewed 23 Progress Reports to determine whether the reports were submitted when due.³ We determined that the reports were submitted on time. We also tested whether the reports were accurate by selecting 14 facts to trace to supporting documentation.⁴ We determined that the facts were accurate.

Grant Goals and Accomplishments

The Government Performance and Results Act provides a framework for setting goals, measuring progress, and using data to improve performance. Grantees are required to provide data that measures the results of their work in order to ensure accurate calculation of their performance measures by OJP.

We reviewed the grant applications and selected a judgmental sample of 21 grant goals, objectives, or performance measures to determine whether the Department of Forensic Sciences had successfully implemented its grant programs.

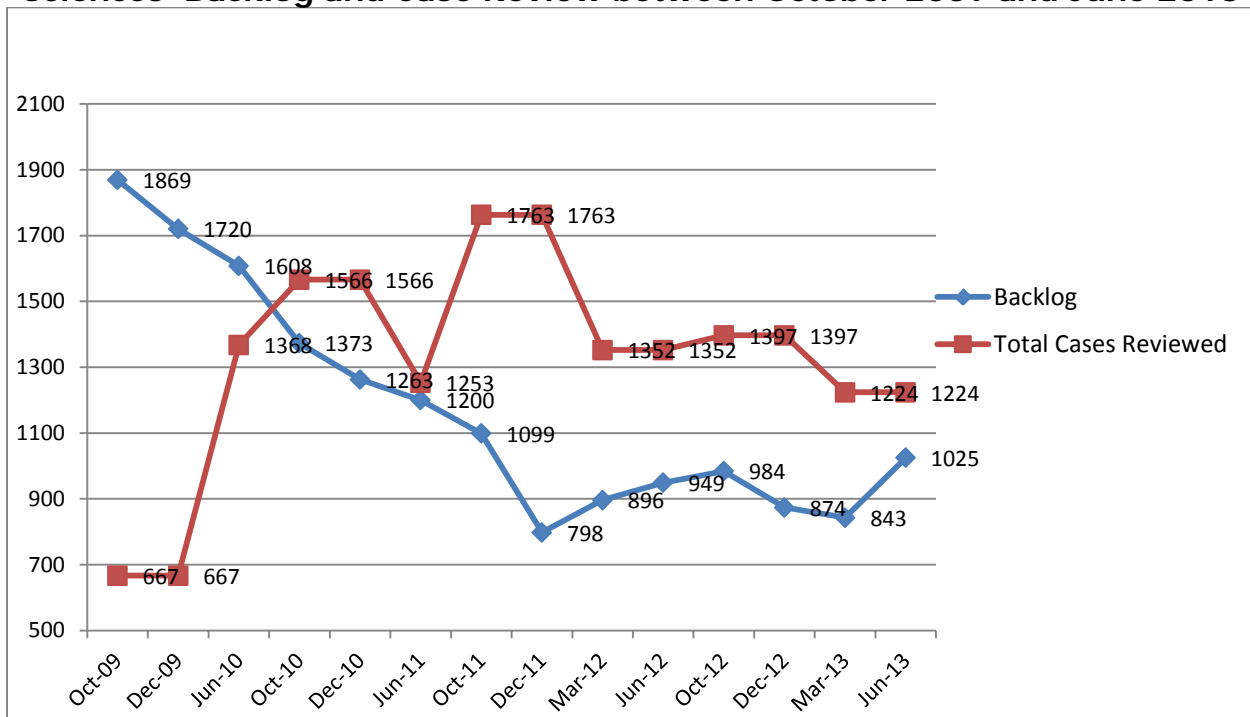
We traced these goals to supporting documentation. We found that the Department of Forensic Sciences achieved 11 of the 21 goals we tested (52 percent). We also found that the Department of Forensic Sciences was making progress towards achieving the remaining 10 goals we tested (48 percent).

³ We reviewed nine Progress Reports for grants 2009-DN-BX-K117, 2010-DN-BX-K034, and 2011-DN-BX-K423; twelve Progress Reports for grants 2009-D1-BX-K014, 2010-DD-BX-0604, and 2010-DN-BX-K115; and two Progress Reports for grant 2012-DN-BX-0062.

⁴ These 14 facts are related to the Department of Forensic Sciences' efforts to: (1) improve operational infrastructure, (2) renovate laboratory space, (3) decrease the backlog, (4) achieve national quality compliance standards, (5) achieve certain process goals for offender samples, and (6) provide continuing education opportunities.

We reviewed grant documentation to determine the progress of backlogged cases. Exhibit 2 contains a graph showing the change in cases reviewed by all of the laboratories and the backlog of cases. The graph begins with the award of the first grant we audited and ends with the most recently available data. As shown in the graph, from October through December 2009 the combined laboratories processed 667 cases and the backlog consisted of 1,869 cases. Over the span of the grants, cases processed generally increased, reaching a high of 1,763 cases in 2011 and recently falling to 1,224. During that same period the Department of Forensic Sciences reduced its backlog from 1,869 cases to 1,025 cases (or 45 percent). In a general sense, the graph shows that efforts to increase the number of cases processed tended to reduce the backlog of cases, which is the purpose of the grants. While the backlog has not been eliminated, we conclude that substantial progress has been made in reducing the backlog.

Exhibit 2: Comparison of the Department of Forensic Sciences' Backlog and Case Review between October 2009 and June 2013



Source: OIG Analysis of the Alabama Department of Forensic Sciences DNA Backlog

Monitoring Contractors

According to the Code of Federal Regulations, grant recipients must maintain a system for ensuring contractor conformance with the contract, follow-up on purchases, evaluate contractor performance, and document whether contractors have met the specifications of the contract.

The grantee identified 166 vendors, contractors, organizations, or businesses responsible for implementing grant-related activities.⁵ We reviewed the contracts awarded by the State of Alabama for Department of Forensic Sciences' renovation projects. We also interviewed Department of Forensic Sciences' officials about their policies and procedures for monitoring contractor performance. We concluded that the Department of Forensic Sciences adequately monitored its contractors.

Conclusion

The Alabama Department of Forensic Sciences generally complied with grant requirements pertaining to internal controls, drawdowns, budget management, expenditures, accountable property, reporting, goals and accomplishments, and monitoring contractors.

⁵ The grant budget included costs for contractors for grants 2009-D1-BX-K014, 2010-DD-BX-0604, 2010-DN-BX-K115, 2011-DN-BX-K423, and 2012-DN-BX-0062. The use of contractors or consultants was not approved in the budgets for grants 2009-DN-BX-K117 and 2010-DN-BX-K034.

APPENDIX I

OBJECTIVES, SCOPE, AND METHODOLOGY

The purpose of the audit was to determine whether the Alabama Department of Forensic Sciences used grant funds for costs that were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grants; and whether the Department of Forensic Sciences met or was on track to meet the goals and objectives outlined in the grant programs and applications.

The objective of the audit was to determine whether the Department of Forensic Sciences complied with essential grant conditions pertaining to: (1) internal controls, (2) grant drawdowns, (3) grant expenditures, (4) budget management and control, (5) property management, (6) financial and grant progress reports, (7) grant goals and accomplishments, and (8) monitoring contractors.

We conducted our audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient and 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 scope covered the 2009 and 2010 Office of Science and Technology Improvement and Forensic Infrastructure and Operations Improvement grants respectively, as well as the 2009, 2010, 2011 and 2012 DNA Backlog Reduction grants. 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, Office of Management and Budget Circulars, and specific grant program guidance. The Department of Forensic Sciences was awarded \$7,525,176 under the DNA Backlog Reduction program from 2009 through 2012. We tested \$4,205,968 (70 percent) of the \$5,998,347 in grant funds expended as of June 2013.

In conducting our audit, we performed sample testing in grant expenditures, property management, and grant goals and accomplishments. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants we reviewed, such as dollar amounts or expenditure category. We selected judgmental sample sizes for the testing of each grant. This non-statistical sample design does not allow extrapolation of the test results to the universe from which the samples were drawn.

In addition, we reviewed the timeliness and accuracy of financial and grant progress reports and compared performance to grant goals. We did not assess the reliability of the financial management system as a whole.

APPENDIX II

OJP'S RESPONSE TO THE DRAFT AUDIT REPORT



U.S. Department of Justice

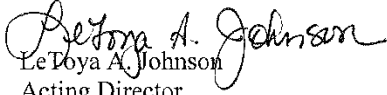
Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

MAR 10 2014

MEMORANDUM TO: Ferris B. Polk
Regional Audit Manager
Atlanta Regional Audit Office
Office of the Inspector General

FROM: 
LeToya A. Johnson
Acting Director

SUBJECT: Response to the Draft Audit Report, *Audit of the National Institute of Justice Grants Awarded to the Alabama Department of Forensic Sciences*

This memorandum is in reference to your correspondence, dated February 11, 2014, transmitting the above-referenced draft audit report for the Alabama Department of Forensic Sciences. The draft report does not contain any recommendations. The Office of Justice Programs has reviewed the draft audit report and does not have any comments.

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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THE ALABAMA DEPARTMENT OF FORENSIC SCIENCES
RESPONSE TO THE DRAFT AUDIT REPORT



ALABAMA
DEPARTMENT OF FORENSIC SCIENCES

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February 25, 2014

Ferris B. Polk
Regional Audit Manager
U.S. Department of Justice
Office of the Inspector General
Atlanta Regional Audit Office
75 Spring Street, Suite 1130
Atlanta, Georgia 30303

Dear Mr. Polk,

The State of Alabama, Department of Forensic Sciences, has reviewed the Draft Report provided by your office on February 11, 2014, regarding our compliance with the administration of seven (7) DNA Backlog Reduction Grants awarded by the National Institute of Justice (NIJ) from 2009-2012.

The State of Alabama is pleased that the auditors from the Office of the Inspector General found our Laboratory System to be in compliance with each of the objectives and essential grant conditions assessed during the audit, pertaining to: (1) internal controls, (2) grant drawdowns, (3) grant expenditures, (4) budget management and control, (5) property management, (6) financial and grant progress reports, (7) grant goals and accomplishments, and (8) monitoring contractors.

The State of Alabama is pleased that the OIG independently concluded that "...*The Alabama Department of Forensic Sciences generally complied with grant requirements pertaining to internal controls, drawdowns, budget management, expenditures, accountable property, reporting, goals and accomplishments, and monitoring contractors*", and made no recommendations in the Draft Report for any adjustments to our current internal processes.

The Department of Forensic Sciences takes great pride in the administration of our Federal Grant programs and we are very pleased that this independent and objective assessment by the OIG demonstrated our continued compliance with the Federal Standards.

Should you have any further questions, please do not hesitate to contact me at your earliest convenience.

Sincerely,

A handwritten signature in blue ink that reads "Michael F. Sparks". The signature is written in a cursive style and is positioned above a horizontal line.

Michael F. Sparks
Director