



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



**Audit of the Office of Justice Programs
National Institute of Justice
DNA Backlog Reduction Program
Awards to the County of
Erie, New York**

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
NATIONAL INSTITUTE OF JUSTICE
DNA BACKLOG REDUCTION PROGRAM AWARDS
TO THE COUNTY OF ERIE, NEW YORK**

EXECUTIVE SUMMARY

The Department of Justice Office of the Inspector General, Audit Division, has completed an audit of a cooperative agreement and grant awarded by the Office of Justice Programs (OJP), National Institute of Justice (NIJ), to the County of Erie, New York (Erie County) under award number 2011-DN-BX-K479 and grant number 2012-DN-BX-0088.¹ Collectively, the awards totaled \$1,125,138. This funding was awarded as part of the DNA Backlog Reduction Program to reduce DNA sample backlogs in state and local government crime laboratories by enhancing the laboratories' capabilities to analyze DNA samples.²

The objective of our audit was to determine whether reimbursements claimed for costs under the awards were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the awards. We also assessed Erie County's program performance in meeting award-funded objectives and overall accomplishments. Our audit concentrated on award activity from October 2011 through March 2014.

We reviewed Erie County's compliance with key award conditions and found Erie County generally met the terms and conditions of the awards with some exceptions. From our audit we identified instances of non-compliance with award requirements and related internal control deficiencies that included; (1) using an accounting methodology that did not allow for separate tracking of grant-funded expenditures to individual awards with the precision and accuracy required by the OJP Financial Guide, (2) not fully complying with property management requirements established by the OJP Financial Guide, and (3) not having policies and procedures in place to ensure full compliance with all required grant special conditions imposed under each individual award.

As a result of these findings, we make three recommendations to remedy the findings and improve Erie County's ability to effectively manage the awards. These items are discussed in detail in the findings and recommendation section of this report.

¹ For this report, we will refer to both the cooperative agreement and grant as awards.

² DNA refers to deoxyribonucleic acid – the unique genetic material found in each individual. The introduction to the report includes a brief discussion concerning the impact of DNA technology on the criminal justice system.

We discussed the results of our audit with Erie County officials and have included their comments in the report, as applicable. Additionally, we requested a response to our draft report from Erie County and OJP, and their responses are appended to this report as Appendix 2 and 3, respectively. Our analysis of both responses, as well as a summary of actions necessary to close the recommendation can be found in Appendix 4 of this report.

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INTRODUCTION

The Department of Justice Office of the Inspector General, Audit Division, has completed an audit of a cooperative agreement and grant awarded by the Office of Justice Programs (OJP), National Institute of Justice (NIJ) to the County of Erie, New York (Erie County).¹ Funding was awarded as part of the DNA Backlog Reduction Program to reduce DNA sample backlogs in state and local government crime laboratories by enhancing the laboratories' capabilities to analyze DNA samples.² Crime laboratory improvements were considered to be essential to prevent future DNA backlogs and to help the criminal justice system utilize the full potential of DNA technology.

As shown in the following table, OJP awarded Erie County \$1,125,138 for the two awards.

**Table 1
Backlog Reduction Program Agreements Awarded to Erie County**

Award Number	Award Start Date	Award End Date	Amount
2011-DN-BX-K479	10/01/2011	12/31/2013	\$ 597,722
2012-DN-BX-0088	10/01/2012	03/31/2014	527,416
Total			\$ 1,125,138

Source: Office of Justice Programs

The objective of this audit was to determine whether reimbursements claimed for costs under the awards were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the awards. We also assessed Erie County's program performance in meeting the awards' objectives and overall accomplishments.

¹ Cooperative agreements are awarded to states, units of local government, or private organizations at the discretion of the awarding agency. Cooperative agreements are utilized when substantial involvement is anticipated between the awarding agency and the recipient during performance of the contemplated activity. 2011-DN-BX-K479 was awarded as a cooperative agreement and 2012-DN-BX-0088 was awarded as a grant. For this report, we refer to them as awards.

² For the purpose of determining baseline national backlogs for casework laboratories, DNA will be considered to be biology screening (the location, screening, identification, and characterization of blood and other biological stains and substances) or DNA analysis (the identification and comparison of DNA in biological samples) or both.

Office of Justice Programs

The mission of the Office of Justice Programs (OJP) is to increase public safety and improve the fair administration of justice across America through innovative leadership and programs. 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.

National Institute of Justice

The mission of the National Institute of Justice (NIJ), a component of OJP, centers on research, development, and evaluation of crime control and justice issues. NIJ 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.

DNA Backlog Reduction Program

DNA Analysis Backlog Elimination Act of 2000

The *DNA Analysis Backlog Elimination Act of 2000* (Act) authorized the Attorney General to make grants to: (1) carry out, for inclusion in the Combined DNA Index System (CODIS) of the Federal Bureau of Investigation (FBI), deoxyribonucleic acid (DNA) analyses of samples taken from individuals convicted of qualifying offenses and from crime scenes; and (2) increase the capacity of laboratories owned by states, or by units of local government, to carry out DNA analyses of samples from crime scenes.

The Act established eligibility criteria for funding, including assurances of implementation of a comprehensive plan for the expeditious DNA analysis of samples and a certification that each DNA analysis carried out under the plan meets established privacy requirements. In addition, the Act directed each laboratory conducting the DNA analysis to satisfy quality assurance standards and be operated by a state or a unit of local government within a state, or by a private entity contracted by a state or local governmental unit. The Act also required the FBI Director to maintain and make available a description of quality assurance protocols and practices to assure the quality of a forensic laboratory.

DNA Technology

DNA is sometimes referred to as a “genetic blueprint” because it contains instructions that govern the development of an individual organism. Forensic scientists have established patterns within the DNA called short-tandem repeats that can be measured to define the unique DNA profile of an individual. Most cells contain DNA and when cells are left behind at a crime scene, they can be analyzed to establish the profile of a perpetrator. DNA evidence is especially valuable for

investigating violent crimes such as homicides or sexual assaults because blood, semen, or saliva may be left behind by the perpetrator.

If a case has no suspects to compare DNA evidence to, the profile of DNA collected at a crime scene may be eligible for entry into CODIS. CODIS is the acronym for the "Combined DNA Index System" and is the generic term used to describe the FBI's program of support for criminal justice DNA databases as well as the software used to run the databases. The National DNA Index System is considered one part of CODIS, at the national level, containing the DNA profiles contributed by federal, state, and local participating forensic laboratories.

Within CODIS, eligible forensic unknown profiles recovered from crime scenes and attributed to suspected perpetrators are searched against known offender profiles in the Convicted Offender and Arrestee indices, and against other unknown crime scene profiles in the Forensic Index. If an eligible offender or forensic candidate match is identified and confirmed by the laboratory, it will work with law enforcement to verify the identity of the perpetrator or link the profile to other crimes.

County of Erie, New York

The County of Erie, New York occupies a land area of approximately 1,043 square miles in western New York bordering Lake Erie and with Buffalo as the largest city located in Erie County. The 2010 Census data reported Erie County's population at 919,040.

According to its grant application, the Erie County Central Police Services Forensic Laboratory performs forensic DNA analysis for the local, state, and federal law enforcement agencies of Erie County. Additionally, the Laboratory provides forensic DNA analysis for three neighboring counties, and state and federal agencies responsible for investigating cases in Erie County.

With the success of CODIS, casework requests have been steadily increasing, especially in the area of forcible sexual assault, burglary, weapons possession, robbery, and assault. Erie County officials stated that they are experiencing an increase in the number of items submitted for each case and more requests for DNA analysis on evidence associated with homicides, including cold cases that have resulted in a significant backlog and a need to decrease the turnaround time.

OIG Audit Approach

The objective of this audit was to determine whether costs claimed under the awards were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions. To accomplish this objective, we assessed performance in the following areas of grant management: award financial management, program performance, expenditures, budget management and control, reporting, drawdowns, compliance with other award conditions, and monitoring contractors and consultants.

We tested compliance with what we consider to be the most important conditions of the grants. The criteria we audited against are contained in the OJP Financial Guide and the award documents. The results of our analysis are discussed in detail in the Findings and Recommendations section of the report. Appendix 1 contains additional information on this audit's objective, scope, and methodology.

Where applicable, we also test for compliance in the areas of matching funds, indirect costs, and program income. For these awards, matching funds were not required and there were no indirect costs or program income.

FINDINGS AND RECOMMENDATION

COMPLIANCE WITH ESSENTIAL AWARD REQUIREMENTS

We reviewed Erie County's compliance with key award conditions and found that Erie County generally met the terms and conditions of the awards with some exceptions. From our audit, we identified instances of non-compliance with award requirements and related internal control deficiencies that included: (1) using an accounting methodology that did not allow for separate tracking of grant-funded expenditures to individual awards with the precision and accuracy required by the OJP Financial Guide, (2) not fully complying with property management requirements established by the OJP Financial Guide, and (3) not having policies and procedures in place to ensure full compliance with all required award special conditions imposed under each individual award. These conditions and their underlying causes are discussed in the body of the report.

Award Financial Management

Our audit included a review of Erie County's accounting and financial management system and Single Audit Reports to assess the risk of non-compliance with laws, regulations, guidelines, and the terms and conditions of the awards. We also interviewed management staff, reviewed financial and performance reporting activities to further assess the risk, and performed personnel, fringe benefit, and other expenditure transaction testing.

According to the OJP Financial Guide, award recipients are responsible for establishing and maintaining an adequate system of accounting and internal controls. An acceptable accounting system provides cost and property controls to help a grantee accurately account for funds awarded to them. Award recipients must adequately safeguard funds and assure they are used solely for authorized purposes.

An Erie official responsible for grant administration told us he believed an adequate system of internal controls was in place and working as intended. In conducting this audit, we evaluated Erie County's internal controls that we considered significant within the context of our audit objectives.

Financial Management System

The OJP Financial Guide requires recipients to account for each grant award separately and to maintain records to adequately identify the source and application of award funds provided for financially supported activities. The financial management system in place must be able to record and report relevant and verifiable information on the receipt, obligation, and expenditure of grant funds.

We found that Erie maintained these records in separate grant accounts by each award within its financial management system. However, we found \$135,246 in 2011 award expenditure transactions for payroll that were initially included with the 2010 award's accounting, and the charges for its 2011 award were initially missing these transactions.

According to an Erie official, this condition was present so that Erie County would use all of the award funds and avoid delays in staff payroll. Because personnel expenditures were charged to the award directly as the funding source, the payroll (personnel and fringe benefits) for all award-funded staff were charged through the end of the 2010 award period to ensure uninterrupted payment to the staff. From the award documentation, we found there is a 6-month overlap period between the successive DNA Backlog Reduction grants in which expenditures can be allowable for payment from either grant (e.g., 2010 and 2011 grants had an initial 6-month overlapping grant period covering October 2011 through March 2012). While these expenditure charges used the remaining 2010 funds, it also exceeded the 2010 grant approved budget amount. This budget overage was later corrected as these payroll expenditures were reclassified and charged against the 2011 award account. According to the official, stopping to correct temporary allocation errors in the payroll processing would cause the entire payroll for Erie County to be potentially delayed. To avoid the possibility of delay, Erie County decided to let the payroll run in this manner and chose to execute an after the fact journal entry transfer to correct the account's documentation and ensure each award was correctly and accurately charged for the eligible expenditures attributed to that award.

The expenditure charges (personnel transactions) in excess of the 2010 award budget should have been initially charged to the subsequent 2011 grant when they were incurred. Instead of charging those personnel expenditure transactions to the subsequent grant, Erie County officials made a journal entry after the fact to transfer the total amount that exceeded the 2010 award budget. As a result, the accounting for the 2011 award did not have the detail for all of the individual staff with personnel expenditures charged to the award. We did not find this condition in the 2011 award based on the personnel expenditures we examined. However, this condition was also present with the 2012 award in that the approved budget was also exceeded. According to what an Erie official previously told us, the intent is to exhaust all available award funds and avoid delays in staff payroll. A journal entry was then made to reclassify personnel expenditure transactions that should have been charged when they were incurred. The budget deviation with the 2012 award was an immaterial amount. Due to the potential for errors in using this accounting methodology to close out the 2010 and 2012 awards, we determined that the policies and practices governing award management should be improved to ensure that Erie County can separately track award-funded expenditures attributed to each award with greater precision and accuracy.

Single Audits

We reviewed Erie County's most recent Single Audit Reports for its Fiscal Years (FY) 2012 and 2013. We found no audit findings or other reportable matters that could have impacted these awards.

Program Performance and Accomplishments

Both the 2011 and 2012 awards were provided under the DNA Backlog Reduction Program, which had the objectives of (1) improving DNA analysis capacity, and (2) reducing backlogged DNA casework. To measure a laboratory's progress towards reducing its DNA backlog, award recipients are required to submit semiannual progress reports including performance measurement data. The reports should contain data related to performance metrics to establish: (1) an increase in DNA analysis throughput for the laboratory; (2) a reduction in response time for requests; (3) the percent decrease in DNA backlog; and (4) the number of DNA profiles resulting in a CODIS match. Throughput can be defined as the average number of forensic DNA samples analyzed per analyst during a given time period. NIJ defined a backlogged case as one that has not been completed within 30 days of receipt in the laboratory.

We found Erie County met the performance measurement standards established for the awards in most of the performance measurements we tested. Our analysis of performance measurements for each of the awards follows.

2011 Forensic DNA Backlog Reduction Award

The 2011 award was completed (award period ended) at the time of our audit fieldwork and we compared Erie County's initial progress report data results to the data reported on the final progress report. The progress reports showed Erie County: (1) decreased the throughput from 34 DNA samples analyzed per analyst to 31.5 - a decrease of 7.35 percent; (2) reduced the response time for requests from 262 days to 187 days - a 28.6 percent reduction; (3) reduced the backlog cases from 933 to 594, a decrease of 36.3 percent; and (4) during the entire 2011 award period, Erie reported 190 profiles entered into CODIS and 56 CODIS hits attributable to award funding.

2012 DNA Backlog Reduction Award

The 2012 award was also completed at the time of our fieldwork, and we compared Erie County's initial progress report data results to the data reported on the final progress report. The progress reports showed Erie County: (1) decreased the throughput from 29 DNA samples analyzed per analyst to 27.4 - a decrease of 5.5 percent; (2) reduced the response time for requests from 258 days to 141 days - a 45.4 percent reduction; (3) reduced the backlog cases from 864 to 393, a decrease of 54.5 percent; and (4) during the entire 2012 award period, Erie County reported 159 profiles entered into CODIS and 58 CODIS hits attributable to award funding.

In addressing the reduction in DNA samples analyzed per analyst, we were told by the Lab Director there is a normal variation in the number of samples analyzed per month. The decrease in the number of samples analyzed per analyst for both awards was due to the variation in cases that Erie County sees over the course of the award period and is also affected by the amount of overtime worked during the course of the grant. While acknowledging this unintended decrease in samples analyzed per analyst, the more significant and overarching goal of reducing the DNA backlog was successfully accomplished with the funding for both awards.

Award Expenditures

Personnel and Fringe Benefit Expenditures

We tested a judgmental sample of personnel expenditures for award-funded employees to determine if the expenditures were correctly computed, properly authorized, accurately recorded, and properly allocated in the financial management system. In addition, we compared total fringe benefit expenditures approved in each award budget to actual fringe benefits charged to ensure expenditures were properly charged and in accordance with the terms and conditions for each award.

Erie County used a combination of paper-based timesheets and electronic documents to record employees' hours worked for payroll purposes. From our testing, we determined the timesheets, requests for overtime, and electronic documents accurately identified the time an employee worked on DNA cases related to the award program and evidenced supervisory approval. We reviewed the timesheets and award budgets to ensure that the amounts charged to the awards were allowable. We found that the personnel expenditures charged to the awards were correctly computed, properly authorized, supported, and allowable. As previously noted in the Financial Management System section of this report, we found \$135,246 in 2011 award personnel expenditure transactions were initially included with the 2010 award's accounting causing a 2010 grant budget overage, and the charges for its 2011 award were missing these transactions. A similar condition was present with the 2012 award in that payroll expenditure transactions that should have been charged to the 2013 grant were initially included with the 2012 award's accounting, but the budget deviation was a much lesser amount and considered immaterial. An Erie County official told us the intent is to fully expend all available funding on each award and ensure there is no interruption to staff payroll. When this occurs Erie County processes a journal entry to reclassify personnel expenditure transactions for the payroll charges that should have been reported as part of the 2013 grant.

OJP approved funding for fringe benefits at a fixed rate totaling up to 56.15 percent of personnel expenditures. We found minor differences in fringe benefits percentages. However, we consider those differences to be immaterial. For those

award-funded employees tested we determined that fringe benefits charged to each award were allowable, supportable, and accurate.

Based on our review of payroll records for award-funded employees, and our verification of Erie County's accounting methodology, we concluded that Erie County met the terms and conditions of each award for managing personnel and fringe benefit expenditures, although the methodology used to allocate personnel expenditures between ongoing awards warrants improvement as discussed earlier in this report.

Other Direct Cost Expenditures

We selected a judgmental sample of non-personnel expenditures for testing from both awards that included equipment, contractor charges, supplies, and travel. To determine if expenditures were properly authorized, we reviewed approval signatures on the purchase documents and accompanying invoices. To determine if expenditures were properly recorded, we verified amounts from the invoices/receipts were accurately recorded in the financial system under approved and separate cost centers for each award. To determine if expenditures were allowable, we compared the expenditures to the award budget, permissible uses of funds outlined in the OJP Financial Guide, and the terms and conditions of the awards. To determine if expenditures were supported, we reviewed purchase documents, invoices, and accompanying financial system data. Based on our testing we found that the non-personnel expenditures we reviewed were properly authorized, recorded, supported, and allowable.

Accountable Property

The OJP Financial Guide requires award recipients to exercise good judgment in the acquisition and management of property acquired with federal funds. The guide also says that if a recipient does not establish and maintain an effective property management system, the project costs associated with the acquisition of the property may be disallowed.

We reviewed a sample of Erie County's award-funded equipment for each of the awards to ensure the equipment was properly marked as purchased with federal funds, used as shown in the award, physically present and verifiable, and included in the property management system.

Additionally, we also tested the property management records for compliance with the OJP Financial Guide Post Award Requirements for Property and Equipment. From our testing, we determined that Erie County did not comply with several property management requirements. During our physical verification of equipment, we could not verify two items in Erie County's property management system because they had no identifying tag. According to the Laboratory Director, this information was not included due to oversight. In addition, Erie County's property management system did not include: (1) the percentage of federal participation in the cost of the property; and (2) the use and condition of the property as required

by the OJP Financial Guide. An Erie County official told us the County's property system did not capture this information. When property records are not adequately maintained, there is a potential for loss, damage, or theft of the property.

Budget Management and Control

The OJP Financial Guide and criteria established in 28 C.F.R § 66.30 address budget controls surrounding awardee financial management systems. According to the requirements, award recipients are permitted to make changes to their approved budgets to meet unanticipated program requirements. However, the movement of funds between approved budget categories in excess of 10 percent of the total award must be approved in advance by the awarding agency. In addition, the criteria requires that all awardees establish and maintain program accounts that will enable separate identification and accounting for funds applied to each budget category included in the approved award.

We compared the total expenditures by budget category from Erie County's financial system to the budget categories established by OJP's final budget revision for both awards. We found that Erie County's actual expenditures were within the allowable 10 percent deviation allowance for each budget category.

Reporting

Federal Financial Reports

The financial aspects of the awards are monitored through Federal Financial Reports (FFRs). FFRs are designed to report on the status of award expenditures and remaining funds and must be submitted within 30 days of the end of the most recent quarterly reporting period. According to the OJP Financial Guide, if FFRs are delinquent, an automatic hold on further drawdowns will be placed on the remaining funds associated with an award.

For both awards, an Erie County official told us they completed the FFRs using quarterly reports generated from the financial management system. We tested quarterly FFRs from both awards and determined the reported quarterly expenses did not always match the supporting accounting records. This condition existed because Erie County does not fully account for its grants separately as discussed earlier in this report under the Financial Management System section. This internal control shortcoming in this instance negatively impacts the accurate reporting of an award's financial progress and undermines the ability of the awarding agency to monitor award spending relative to reported performance of an award-funded program. For both grants we determined that all FFRs reviewed were timely submitted.

Progress Reports

Progress reports provide information relevant to the performance of an award-funded program and the accomplishment of objectives as set forth in the approved award application. According to the OJP Financial Guide, these reports must be submitted twice yearly, within 30 days after the end of the semi-annual reporting period, for the life of the award.

For each of the awards, we reviewed and tested a sample of progress reports for accuracy and timeliness. In doing so, we looked at the statistical data cited and the related accomplishments included with each progress report and tested to ensure there was available verifiable documentation to support Erie County's reported progress and accomplishments. Based on our review, we determined that the reports accurately described the work accomplished to meet the program's objectives for each award and were timely submitted.

Drawdowns

The OJP Financial Guide says recipients should time their funding requests (drawdowns) to ensure that Federal cash on hand is the minimum needed for disbursements and reimbursements to be made immediately or within 10 days. At the time of our fieldwork, all funds had been fully drawn down for both awards. To determine if drawdowns were completed in advance or on a reimbursement basis, we interviewed Erie County officials and reviewed documentation supporting actual expenditures. Erie County officials told us that drawdowns were requested on a reimbursement basis. From our analysis we confirmed that Erie County generally made its funding requests on a reimbursement basis and its drawdown procedures were adequate, supported by verifiable documentation, and complied with award requirements.

Compliance with Other Award Conditions

Award requirements are included in the terms and conditions of the awards and special conditions may be added to address special provisions unique to an award. The two awards each contained a combined total of 62 special conditions. We reviewed a sample of the special conditions found in the award documents for each award that we determined to be within the scope of our audit and that were not specifically tested elsewhere in our audit. We determined that Erie County complied with all of the awards' special conditions that we tested except for one. Specifically, we determined that Erie County had not submitted an Equal Employment Opportunity (EEO) plan to the Office for Civil Rights for its approval as required and we brought this to their attention. According to an Erie County official, he was unaware that he had to file an EEO plan. As a result, Erie County submitted its EEO plan and the Office for Civil Rights subsequently approved the plan.

When special conditions are not closely followed, award funds may be at risk for potential waste and mismanagement, and the awarding agency may have less

assurance that project performance will not be compromised. We recommend Erie County enhance its policies and procedures to ensure compliance with all special conditions without exception.

Monitoring Contractors and Consultants

The OJP Financial Guide says direct award recipients should ensure that they monitor contractors in a manner that will ensure compliance with the overall financial management requirements imposed by the Guide. The Guide defines a consultant as an individual who provides professional advice or services and a contractor is a person or entity that contracts with the Federal Government to provide supplies, services, or experimental, developmental, or research work.

For both awards, we identified two contractors paid with award funds totaling \$45,752. We tested all of the contractor expenses that were for equipment maintenance. We found that the expenditures charged were allowable, supported, accurate, and within the OJP approved budgets.

Conclusion

We reviewed Erie County's compliance with key award conditions and found Erie County generally met the terms and conditions of the awards with some exceptions. From our audit we identified instances of non-compliance with award requirements and related internal control deficiencies that included: (1) using an accounting methodology that did not allow for separate tracking of award-funded expenditures to individual awards with the precision and accuracy required by the OJP Financial Guide; (2) not fully complying with property management requirements established by the OJP Financial Guide; and (3) not having policies and procedures in place to ensure full compliance with all required special conditions imposed under each individual award.

Recommendations

We recommend that OJP:

1. Ensure that Erie County documents and implements policies and procedures that provide an accounting methodology to separately track award-funded obligations and expenditures attributed to each separate award with greater precision and accuracy.
2. Ensure that Erie County updates its property management system to be in compliance with OJP requirements covering accountable property and equipment.
3. Ensure that Erie County implements and adheres to documented policies and procedures that ensure the routine monitoring of compliance with award special conditions, including Equal Employment Opportunity required plan submissions.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of the audit was to determine whether reimbursements claimed for costs under the awards were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the awards. We also assessed the Erie County's program performance in meeting the awards' objectives and overall goals.

We conducted this performance audit in accordance with generally accepted government auditing standards. These 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.

In conducting our audit, we used sample testing while testing award program expenditures. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the award reviewed, such as expenditure category based on the approved award budget. We tested \$346,089 of the \$1,125,138 awarded to Erie County. This non-statistical sample design does not allow for the projection of the test results to the universes from which the samples were selected.

We audited a total of \$1,125,138 awarded to Erie County as part of the DNA Backlog Reduction Program. Our audit concentrated on the award activity from October 2011 through March 2014.

We tested compliance with what we considered to be the most important conditions of the award. Unless otherwise stated in our report, the criteria we audited against are contained in the C.F.R.: 28 C.F.R. § 66, Uniform Administrative Requirements for Grants, incorporated in the OJP Financial Guide, and the award documents. We also reviewed Erie County's Single Audit reports for FY 2012 and FY 2013.

In conducting our audit, we reviewed the internal controls of Erie County's financial management system specific to the management of Department of Justice funds during the award period under review. However, we did not test the reliability of Erie County's financial management system as a whole. We also performed limited tests of source documents to assess the accuracy and completeness of drawdown (reimbursement) requests, personnel and fringe benefit and other non-personnel expenditure charges, accountable property, budget management, Federal Financial Reports, progress reports, compliance with select award special conditions, and monitoring contractors and consultants.

**COUNTY OF ERIE, NEW YORK
RESPONSE TO THE DRAFT AUDIT REPORT**



County of Erie
MARK C. POLONCARZ
COUNTY EXECUTIVE

DEPARTMENT OF CENTRAL POLICE SERVICES

JOHN GLASCOTT
COMMISSIONER

July 6, 2015

Thomas O. Puerzer, Regional Audit Manager
Office of the Inspector General
U.S. Department of Justice
701 Market Street, Suite 201
Philadelphia, Pennsylvania 19106

**Re: Response to OIG Audit of the DNA Backlog Reduction Program Award - Erie
County Department of Central Police Services**

Dear Mr. Puerzer:

Thank you for the opportunity to respond to the draft audit of the DNA Backlog Reduction Program Award held by the Erie County Department of Central Police Services ("CPS"). CPS was pleased to cooperate with the U.S. Department of Justice, Office of Inspector General ("OIG") during the audit and we appreciate the professional and cordial process conducted by OIG during the audit.

We are pleased that OIG essentially reported a "clean" audit with no questioned costs and found that Erie County generally met the terms and conditions of the awards, including the goal of significantly reducing the backlog of DNA samples awaiting processing by our forensic laboratory. As the report noted, in recent years, the CPS Laboratory has experienced significant transmittals of items, samples, materials and so forth from police agencies requesting or requiring DNA forensic testing. This process has exacerbated the backlog in the Laboratory. We are grateful for the federal funding and assistance to address this matter and pleased that OIG confirmed that the "significant and overarching goal of reducing the DNA backlog was successfully accomplished with the funding for both (grant) awards."

OIG has issued three findings for process improvements in our Laboratory concerning the DNA Backlog Reduction Program grant funds.

Finding One

First, OIG reported that CPS used an accounting methodology that did not allow for separate tracking of grant-funded expenditures to individual awards to the degree required by the Office of Justice Programs' Financial Guide.

During the audit, we conferred with OIG concerning this finding. OIG auditors did not favor CPS' practice of balancing the award – revenues and expenditures – associated with the grant through journal entries. The journal entries are used by CPS to balance costs charged to the grant by professional staff working on the DNA backlog reduction process when awards cross fiscal years and grant awards

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near expiration and the new award period begins. It is important to note that OIG did not report any improper or disallowable charges by CPS to the award(s).

We will make every effort moving forward to reduce the use of journal entries through closer weekly monitoring of spending.

In addition, due to the journal entries issue, OIG reported that the Federal Financial Reports which are required to be completed and submitted quarterly by CPS included reported expenses that did not always match the supporting accounting records in the County's SAP enterprise resource planning computer system. This situation appears to be created when delays in producing budget consumption reports from our SAP system cannot keep up with the Federal Financial Reports.

As we work to address the journal entries issue moving forward, we believe this item will be addressed to OIG's satisfaction.

Finding Two

Second, OIG reported that CPS did not fully comply with property management requirements established by the Office of Justice Programs' Financial Guide.

OIG reported that it could not verify two items in the County's property management system because they had no identifying tag. It is important to note that OIG did not report any missing equipment in the audit and the items were present in the Laboratory, albeit missing the required affixed asset tags. The items also were logged in the SAP system.

We concur with your finding and are taking measures to more closely monitor newly-purchased equipment and ensure it is immediately inventoried and asset-tagged with the affixed tags. On an annual basis or as frequently as required by the Office of Justice Programs, we will conduct an inventory of the Laboratory to check and confirm the physical location and status of this equipment and the presence of the tags.

OIG further noted that the County's SAP system did not track or report the percentage of federal participation in the cost of the property and the use and condition of the property.

This finding is accurate. As previously noted the County's computer system does not have the "fields" or input capability to track these "ownership percentage" requirements. CPS currently uses Excel spreadsheets to separately track such property and we will create a new field to show the "ownership percentage" to address this finding. If OIG or the Office of Justice Programs can suggest alternative acceptable systems for tracking this measure, we will take steps to address this item.

Finding Three

Third, OIG reported that CPS did not have policies or procedures to ensure full compliance with all required award special conditions imposed under each individual award.

OIG specifically found that out of 62 special conditions included in the awards, Erie County had complied with all tested special conditions except for one; OIG reported that CPS did not submit an Equal Employment Opportunity ("EEO") Plan to the Department of Justice's Office for Civil Rights as required. Once this issue was brought to our attention by your auditors, we submitted the EEO plan which was approved by the Office for Civil Rights. We will file updated reports as required.

Thank you again for the opportunity to comment on the draft audit report and for conducting the audit. We look forward to further discussion with OIG or the Office of Justice Programs to address recommendations to ensure compliance with your requirements.

Sincerely yours,



John Glascott, Commissioner
Erie County Department of Central Police Services

cc: Linda Taylor, Lead Auditor, Audit Coordination Branch
Audit and Review Division
Office of Justice Programs, Office of Audit Assessment and Management
U.S. Department of Justice
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Mark C. Poloncarz
Erie County Executive

OFFICE OF JUSTICE PROGRAMS
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

JUL 16 2015

MEMORANDUM TO: Thomas O. Puerzer
Regional Audit Manager
Philadelphia Regional Audit Office
Office of the Inspector General

FROM: Ralph E. Martin 
Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs, National Institute of Justice, DNA Backlog Reduction Program Awards to the County of Erie, New York*

This memorandum is in reference to your correspondence, dated June 19, 2015, transmitting the above-referenced draft audit report for the County of Erie, New York (Erie County). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **three** recommendation and **no** 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. **Ensure that Erie County documents and implements policies and procedures that provide an accounting methodology to separately track award-funded obligations and expenditures attributed to each separate award with greater precision and accuracy.**

OJP agrees with the recommendation. We will coordinate with Erie County to obtain a copy of written policies and procedures, developed and implemented, to ensure that an accounting methodology is established to separately track award-funded obligations and expenditures with greater precision and accuracy.

2. **Ensure that Erie County updates its property management system to be in compliance with OJP requirements covering accountable property and equipment.**

OJP agrees with the recommendation. We will coordinate with Erie County to obtain a copy of written policies and procedures, developed and implemented, to ensure that its property management system is in compliance with OJP requirements covering accountable property and equipment.

3. **Ensure that Erie County implements and adheres to documented policies and procedures that ensure the routine monitoring of compliance with award special conditions, including Equal Employment Opportunity required plan submissions.**

OJP agrees with the recommendation. We will coordinate with Erie County to obtain a copy of written policies and procedures, developed and implemented, to ensure that Erie County adheres to documented policies and procedures regarding the routine monitoring of compliance with award special conditions, including Equal Employment Opportunity required plan submissions.

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

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OJP Executive Secretariat
Control Number IT20150619155233

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 County of Erie, New York (Erie County) and the Office of Justice Programs (OJP). Erie County's response is incorporated as Appendix 2 of this final report, and OJP's response is included as Appendix 3. The following provides the OIG's analysis of the responses and summary of actions necessary to close the report.

Analysis of Erie County's and OJP's Responses

- 1. Ensure that Erie County documents and implements policies and procedures that provide an accounting methodology to separately track award-funded obligations and expenditures attributed to each separate award with greater precision and accuracy.**

Resolved. In its response, OJP agreed with the recommendation and stated it will coordinate with Erie County to improve the accounting of grant funds.

Erie County agreed with the finding and stated that they would make every effort to reduce the use of journal entries by monitoring grant spending more closely on a weekly basis.

This recommendation can be closed when we receive documentation demonstrating the implementation of policies and procedures addressing the identification of award-funded obligations and expenditures by award.

- 2. Ensure that Erie County updates its property management system to be in compliance with OJP requirements covering accountable property and equipment.**

Resolved. In its response, OJP agreed with the recommendation and stated it will coordinate with Erie County to help them better account for grant-funded property and equipment.

Erie County agreed with the finding and stated that they are taking measures to more closely monitor newly-purchased equipment to ensure it is immediately inventoried and asset-tagged with the affixed tags. Additionally, Erie County also stated that they currently use a spreadsheet to separately track such property and will create a new field to show the "ownership percentage" to address this finding.

This recommendation can be closed when we receive documentation demonstrating that Erie County has instituted procedures to ensure that all newly purchased equipment is properly tagged and entered into their accountable property system and that property records show the percentage of

Federal participation in the cost of the property and the use and condition of the property.

- 3. Ensure that Erie County implements and adheres to documented policies and procedures that ensure the routine monitoring of compliance with award special conditions, including Equal Employment Opportunity required plan submissions.**

Resolved. In its response, OJP agreed with the recommendation and stated that it will work with Erie County to develop a policy to ensure that all special conditions are complied with.

Erie County agreed with the finding and stated that they complied with the 62 special conditions except one and made immediate efforts to comply with exception when it was brought to their attention. Erie County also stated that they will file the updated EEO reports as required.

This recommendation can be closed when we receive documentation demonstrating that Erie County has implemented policies and procedures that ensure compliance with all grant special conditions.

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