



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

**OVERSIGHT ★ INTEGRITY ★ GUIDANCE**



**Audit of the Office of Justice  
Programs DNA Backlog Reduction  
Grants Awarded to the Los Angeles  
County Sheriff's Department,  
Los Angeles, California**



# Executive Summary

*Audit of the Office of Justice Programs DNA Backlog Reduction Grants Awarded to the Los Angeles Sheriff's Department, Los Angeles, California*

## Objectives

The Office of Justice Programs (OJP), National Institute of Justice awarded the Los Angeles County Sheriff's Department (LASD) three grants totaling \$3,678,898 from the DNA Capacity Enhancement and Backlog Reduction Program. The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the awards, and to determine whether the grantee demonstrated adequate progress towards achieving program goals and objectives.

## Results in Brief

We concluded that the LASD did not comply with essential award conditions related to grant financial management, budget management and control, federal financial reporting, and reporting program income. We further determined that the LASD had a mixed record in making progress towards achieving the grants' stated goals and objectives.

We found that, during the grant periods, the LASD enhanced its capacity by processing 4,510 cases, surpassing the Laboratory's fiscal years (FY) 2014 and 2015 grants' goals. Yet, despite these efforts, we found that its DNA backlog and its average time for forensically processing DNA samples increased. Further, while we did not identify significant concerns with progress reports and drawdowns, we identified that the LASD did not properly record and account for over \$500,000 in grant-related transactions and commingled grant-related expenditures with non-DOJ expenditures.

## Recommendations

Our report contains seven recommendations to assist the LASD in improving its grant management and administration. We requested a response to our draft audit report from the OJP and LASD, which can be found in Appendices 2 and 3, respectively. Our analysis of those responses is included in Appendix 4.

## Audit Results

The purpose of the three grants we reviewed was to improve DNA analysis capacity and to reduce backlogged forensic DNA casework. The project period for the grants was from October 2014 through December 2018. As of February 2017, the LASD drew down a cumulative amount of \$1,963,473 (53 percent) for all of the grants we reviewed.

### **Program Performance and Accomplishments –**

Between October 2014 and December 2017, the Laboratory processed 4,510 cases, surpassing its FYs 2014 and 2015 grants' goals. However, during that same time period, the Laboratory's average time for processing a DNA sample increased from 89 to 157 days and the backlog of forensic DNA profiles increased from 658 to 978 cases. Further, the Laboratory's FY 2016 grant application lacked specific objectives as to how each of OJP's three overarching programmatic goals were going to be achieved.

### **Grant Financial Management –**

The LASD commingled grant-related expenditures with non-DOJ expenditures, did not properly identify \$511,478 in grant-related transactions in its accounting system, relied on spreadsheets outside of its official accounting system and did not reconcile those spreadsheets to its accounting system as required by the Los Angeles County's Fiscal Manual.

### **Budget Management and Control –**

The LASD did not maintain an operating budget for its DNA Laboratory which was required by grant rules. Additionally, we found that the LASD's Scientific Services Bureau budget reports generated from its accounting system were inaccurate and missing actual costs and outlays.

### **Program Income –**

The Laboratory did not properly identify, record in its accounting records, and report program income earned on fee-for-service contracts with outside law enforcement agencies. Based on the LASD's inaccurate and incomplete general ledger and budget reports, we were unable to determine the amount of program income earned that the LASD did not report to OJP.

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS  
DNA BACKLOG REDUCTION GRANTS AWARDED TO  
THE LOS ANGELES SHERIFF’S DEPARTMENT,  
LOS ANGELES, CALIFORNIA**

**TABLE OF CONTENTS**

INTRODUCTION .....	1
The Grantee .....	1
OIG Audit Approach .....	2
AUDIT RESULTS.....	3
Program Performance and Accomplishments .....	3
Required Performance Reports .....	7
Grant Financial Management .....	8
Single Audit .....	10
OJP Desk Reviews and Site Visit .....	10
Grant Expenditures .....	11
Non-personnel Costs .....	11
Personnel Costs .....	12
Budget Management and Control .....	13
Budgeted Costs in eCAPS.....	13
Drawdowns .....	14
Federal Financial Reports .....	14
Program Income .....	15
CONCLUSION AND RECOMMENDATIONS.....	17
APPENDIX 1: OBJECTIVES, SCOPE, AND METHODOLOGY .....	19
APPENDIX 2: OJP’S RESPONSE TO THE DRAFT AUDIT REPORT .....	20
APPENDIX 3: THE LASD’S RESPONSE TO THE DRAFT AUDIT REPORT.....	25
APPENDIX 4: OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT .....	31

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS  
DNA BACKLOG REDUCTION GRANTS AWARDED TO THE  
LOS ANGELES SHERIFF’S DEPARTMENT,  
LOS ANGELES, CALIFORNIA**

**INTRODUCTION**

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of three grants awarded by the Office of Justice Programs’ (OJP), National Institute of Justice (NIJ), under the DNA Capacity Enhancement and Backlog Reduction Program (DNA Backlog Reduction Program) to the Los Angeles County Sheriff’s Department (LASD) in Los Angeles, California.<sup>1</sup> Collectively, the grants totaled \$3,678,898, as shown in Table 1. As of February 2017, the LASD had expended \$1,963,473 (53 percent).

**Table 1  
Grants Awarded to the LASD**

<b>Award Number</b>	<b>Award Date</b>	<b>Grant Start Date</b>	<b>Grant End Date<sup>a</sup></b>	<b>Award Amount</b>
2014-DN-BX-0020	09/12/14	10/01/14	06/30/17	\$1,547,971
2015-DN-BX-0096	09/21/15	01/01/16	12/31/17	\$1,075,000
2016-DN-BX-0123	09/08/16	01/01/17	12/31/18	\$1,055,927
<b>Total</b>				\$3,678,898

<sup>a</sup> Award Project Period End Date includes all extensions granted by OJP as of October 31, 2017.

Source: OJP

Funding through the DNA Backlog Reduction Program supports the processing, recording, screening, and analyzing of forensic DNA and DNA database samples. According to NIJ, these improvements are critical to preventing future DNA backlogs and to helping the criminal justice system use the full potential of DNA technology.

**The Grantee**

According to the LASD, it is the largest sheriff’s department in the U.S., serving Los Angeles County, California, an area totaling approximately 4,084 square miles with a population of approximately 10 million. The LASD employs 9,370 sworn officers and 6,529 civilians. The LASD’s Scientific Services Bureau

<sup>1</sup> DNA, or deoxyribonucleic acid, is the hereditary material found in almost all organisms that contains encoded information necessary for building and maintaining an organism. More than 99 percent of human DNA is the same for all people. The differences found in the remaining less than 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.

Crime Laboratory (Laboratory) is co-located with the Los Angeles Police Department Crime Laboratory in the Hertzberg-Davis Forensic Science Center, which also houses the California State University, Los Angeles School of Criminal Justice and Criminalistics, and California Forensic Institute. The Laboratory performs forensic DNA analysis for local, state, and federal law enforcement agencies.

## **OIG Audit Approach**

The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grants; and to determine whether the grantee demonstrated adequate progress towards achieving program goals and objectives. To accomplish these objectives, we assessed performance in the following areas of grant management: program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports.

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 DOJ Grants Financial Guide, OJP Financial Guide, the Los Angeles County's Fiscal Manual, and the award documents.<sup>2</sup> The results of our analysis are discussed in detail in the body of this report. Appendix 1 contains additional information on this audit's objectives, scope, and methodology. In addition, we requested from OJP and the LASD written responses to the recommendations in our audit report. These responses are found in Appendices 2 and 3, respectively. Our analysis of those responses is included in Appendix 4.

---

<sup>2</sup> The 2011 OJP Financial Guide was applicable until June 2014, after which time the 2014 OJP Financial Guide replaced it. Subsequently, the 2015 DOJ Grants Financial Guide replaced it. We refer to both the OJP Financial Guide and the DOJ Grants Financial Guide as Guides throughout the report.

# AUDIT RESULTS

## Program Performance and Accomplishments

At the time NIJ awarded these grants to the LASD in 2014, 2015, and 2016, the goals and objectives of the DNA Backlog Reduction Program were to assist states and units of local governments' crime laboratories to improve DNA analysis capacity and to reduce backlogged forensic DNA casework. According to OJP's 2014, 2015, and 2016 solicitations, it was anticipated that the DNA Backlog Reduction Program would assist eligible states and units of local government in decreasing turnaround time of the analysis of forensic DNA (including processing, recording, screening, and analyzing samples). Additionally, increased laboratory capacity and decreased sample turnaround time was anticipated to aid laboratories in reducing the number of forensic DNA samples awaiting analysis.

According to the 2014, 2015, and 2016 grant award documents, OJP required the Laboratory to report in its semiannual progress reports several performance metrics, including the: (1) average number of forensic DNA samples analyzed per analyst per month, (2) average number of days between the submission of a request for forensic biology/DNA analysis to the laboratory and the delivery of the test results, (3) number of backlogged forensic biology/DNA cases, (4) number of DNA profiles from forensic analyses entered into the Combined DNA Index System (CODIS), and (5) number of forensic biology/DNA cases analyzed using OJP grant funds.<sup>3</sup> To evaluate the LASD's program performance, we interviewed Laboratory officials, physically verified grant-purchased equipment, and reviewed documentation supporting the grant-related expenditures incurred and the performance metrics reflected in its performance reports.

LASD had a mixed record in making progress towards achieving the grants' stated goals and objectives. The Laboratory stated in its 2014 grant application that it expected to reduce its DNA forensic backlog by 874 cases, reduce its turnaround time to 90 days or less, and maintain its number of samples processed per analyst each month at 22. As shown in Table 2, between October 2014 and June 2017 (the end of the LASD's 2014 grant), the Laboratory processed 2,413 cases with funding from the FY 2014 grant alone, more than doubling its goal of processing 874 cases and the average number of forensic DNA samples analyzed per analyst each month increased from 23.6 to 35.2. However, during the same time period, the Laboratory's backlog of forensic DNA profiles increased from 658 to

---

<sup>3</sup> To demonstrate program progress and success, as well as, to assist the Department with fulfilling its responsibilities under the Government Performance and Results Act of 2010, Public Law 111-352, applicants that receive funding under these solicitations are required to provide data that measures the results of their work.

The Federal Bureau of Investigation (FBI) implemented the Combined DNA Index System (CODIS) as a distributed database with hierarchical levels that enables federal, state, and local crime laboratories to compare DNA profiles electronically.

1,030 cases and the time for processing a forensic DNA sample increased from 89 to 149 days.<sup>4</sup>

**Table 2**  
**LASD's FY 2014 Reported Performance Metrics**

<b>Progress Report Performance Metrics</b>	<b>Baseline<sup>a</sup></b>	<b>Oct. Through Dec. 2014</b>	<b>Jan. Through Jun. 2015</b>	<b>Jul. Through Dec. 2015</b>	<b>Jan. Through Jun. 2016</b>	<b>Jul. Through Dec. 2016</b>	<b>Jan. Through Jun. 2017</b>
Average number of forensic DNA samples analyzed per analyst per month	23.6	24.1	27.3	31.2	32.5	28.5	35.2
Average number of days between the submission of a request for forensic biology/DNA analysis to the laboratory and the delivery of the test results	89	105	98	106	133	142	149
Number of backlogged forensic biology/DNA cases	658	651	755	826	971	1,132	1,030
Number of forensic biology/DNA cases analyzed using OJP grant funds	NA	0	404	1,045	806	157	1
Number of forensic DNA profiles entered into CODIS as a result of OJP grant funds	NA	0	229	541	417	77	2

<sup>a</sup> Baseline data is from April 2014 through September 2014. OJP did not require baseline data for the number of forensic DNA profiles analyzed and entered into CODIS using OJP grant funds.

Source: LASD's progress reports submitted to OJP

Laboratory officials provided several reasons for the increases in its DNA forensic backlog and forensic DNA sample processing time. First, the Laboratory experienced personnel changes, including: (1) hiring five new analysts; (2) losing one analyst; and (3) promoting two analysts to supervisory positions. One of the promoted supervisors transferred to another section of the laboratory and the

<sup>4</sup> The time for processing a forensic DNA sample is calculated as the number of days between a submission of a request for forensic DNA analysis to the Laboratory and the delivery of test results.

remaining supervisor performed few DNA forensic casework in their new position. Additionally, the Laboratory purchased and installed new equipment that caused large-scale robotic DNA casework batching to cease for a period of time while the new equipment was being validated. The Laboratory also stated that transitioning to a new DNA quantitation kit, as required by the FBI, had a major impact on forensic DNA casework being conducted and that a significant amount of time had to be spent training staff on how to use the new kit and to properly interpret the kit's results.<sup>5</sup>

According to the Laboratory, it had increased its capacity through the purchase of: (1) a carousel case-file storage system, (2) laptop and desktop computers, (3) equipment to upgrade its robotic systems, and (4) DNA kits and laboratory supplies. Although the Laboratory increased the capacity of its biology section through the purchase of additional equipment and supplies, as well as increased the efficiency of its case file storage system, the Laboratory stated in its June 2016 progress report that it anticipated forensic sample processing turnaround time and its DNA forensic backlog to increase. Additionally, between March 2015 and March 2016, the Laboratory stated it had a 22 percent increase in the number of requests for DNA analysis, and that it anticipated further increases to forensic DNA processing time and its DNA backlog.

Although the Laboratory was experiencing increases to forensic DNA processing time and its DNA backlog, the Laboratory stated in its 2015 grant application that it expected to reduce its DNA forensic backlog by 815 cases, reduce its turnaround time to 90 days or less, and increase its number of samples analyzed per analyst each month to 27. As shown in Table 3, by the end of the LASD's fiscal year (FY) 2015 grant in December 2017, the Laboratory processed 2,097 cases, more than double its goal of 815 cases and the average number of forensic DNA samples analyzed per analyst each month increased from 31 samples to 38 samples. However, the Laboratory's backlog of forensic DNA profiles increased from 826 cases (beginning of award period of January 2016) to 978 cases and the time for processing a forensic DNA sample increased from 106 days to 157 days. The Laboratory stated in its first progress report that in February 2016, it began to limit the number of samples submitted per property case to two in order to cut down on the volume of submissions and to help increase turnaround times for the Laboratory.

---

<sup>5</sup> On January 1, 2017, the FBI began requiring that all NDIS participating crime laboratories upload DNA forensic profiles with 20 core loci into CODIS, which is 7 additional loci from the FBI's prior minimum requirement of DNA forensic profiles with 13 core loci.



**Table 3**  
**LASD's FY 2015 Reported Performance Metrics**

<b>Progress Report Performance Metrics</b>	<b>Baseline<sup>a</sup></b>	<b>Jan. Through Jun. 2016</b>	<b>Jul. Through Dec. 2016</b>	<b>Jan. Through Jun. 2017</b>	<b>Jul. Through Dec. 2017</b>
Average number of forensic DNA samples analyzed per analyst per month	31	32.5	28.5	35	38
Average number of days between the submission of a request for forensic biology/DNA analysis to the laboratory and the delivery of the test results	106	133	142	149	157
Number of backlogged forensic biology/DNA cases	826	971	1,132	1,030	978
Number of forensic biology/DNA cases analyzed	NA	93	585	1,089	330
Number of forensic DNA profiles entered into CODIS as a result of OJP grant funds	NA	36	277	482	158

<sup>a</sup> Baseline data represents the actual performance metrics as of December 31, 2015, under the FY 2014 grant. OJP did not require baseline data for the number of forensic DNA profiles analyzed and entered into CODIS using OJP grant funds.

Source: LASD's progress reports submitted to OJP

Recognizing the challenges in meeting its past goals, the Laboratory did not set any backlog reduction or efficiency targets in its FY 2016 grant application, as it had with its FYs 2014 and 2015 applications. Rather, in its FY 2016 grant application, the Laboratory stated that it faced old and new challenges and that technology shift and extensive staff training would potentially increase its DNA backlog. To combat the possible increase to its backlog, the Laboratory planned to complete 807 cases using grant funds, which included using half of its FY 2016 award budget to outsource 500 cases to vendor labs. The Laboratory's application stated that funding for outsourcing and DNA interpretation software will be a priority for FY 2016. According to OJP's solicitation, the LASD's project goals should follow the 3 overarching programmatic goals to improve capacity, to improve throughput, and to reduce backlogs. The goals should not be broad and should include specific objectives on how those goals will be addressed.

We found that the Laboratory's FY 2016 grant application lacked specific objectives as to how each of OJP's three overarching programmatic goals were going to be achieved. Further, in the Laboratory's June 2017 progress report, it had completely removed outsourcing efforts from its grant goals, explaining that outsourcing would now be paid with LASD funds as opposed to OJP grant funds. The Laboratory stated it planned to use overtime by LASD personnel as a way to reduce its DNA backlog. We found that the Laboratory's plan to rely solely on overtime to reduce its backlog, as it had in its FY 2014 and 2015 grants, difficult to reconcile. Between October 2014 and December 2017, the Laboratory's overall

forensic DNA backlog increased. In August 2017, the LASD submitted a Grant Adjustment Notice (GAN) to OJP requesting that funds budgeted for outsourcing casework be reassigned for other costs. OJP approved the GAN and the funds were transferred to other budget categories to pay for equipment, laboratory supplies, and overtime costs for LASD personnel. By removing outsourcing efforts and without specific objectives for the LASD's FY 2016 OJP grant, we found it difficult to understand how OJP could determine whether the LASD was meeting the overarching programmatic goals of its FY 2016 grant to the LASD.

We believe that the Laboratory would benefit from reevaluating its plan for how it will use DOJ grant funds to reduce its backlog, decrease the amount of time it takes to process forensic DNA profiles, and increase its processing capacity. According to OJP officials, the grantee's application, including its program narrative and program abstract, serves as a 2-year plan to meet the objectives of the grant. Additionally, the grantee's progress reports provide updates as to the Laboratory's progress in meeting the goals and objectives of the grants. An OJP official also stated that if the Laboratory determined that its current goals and objectives could not be achieved than alternative goals and objectives should be established by the Laboratory that are achievable. Therefore, we recommend that OJP ensure that the program narrative and abstract in LASD's application for the FY 2018 DNA Capacity Enhancement and Backlog Reduction Program grant adequately addresses the grant program's goals and objectives as cited in the solicitation, to include reducing its forensic DNA sample processing time, reducing its DNA backlog, and increasing its processing capacity, as appropriate.

### *Required Performance Reports*

OJP requires grant recipients to submit progress reports semiannually to provide information relevant to the performance and activities of the program. Reports are due 30 days after the end of the reporting period ending on June 30<sup>th</sup> and December 31<sup>st</sup>. As of February 2017, the LASD had submitted to OJP all seven required progress reports for awards 2014-DN-BX-0020 and 2015-DN-BX-0096 in a timely manner.<sup>6</sup>

To determine if the LASD's progress reports were accurate, we judgmentally selected four performance metrics from each of the four most recently submitted progress reports for awards 2014-DN-BX-0020 and 2015-DN-BX-0096. We reviewed the following performance metrics: (1) average number of days between the submission of a request for DNA analysis to the Laboratory and the delivery of the test results, (2) average number of forensic DNA samples analyzed per analyst per month, (3) number of forensic DNA profiles uploaded into CODIS, and (4) number of backlogged forensic cases. Of the 16 performance metrics we reviewed, we found that 15 metrics were accurate and supported, and 1 metric (the number of forensic profiles uploaded into CODIS) was slightly overstated. For the

---

<sup>6</sup> At the start of our audit in February 2017, the LASD had not yet submitted a progress report for award 2016-DN-BX-0123. Therefore, we did not test progress reports for award 2016-DN-BX-0123.

overstated metric, the Laboratory stated that it was a typo. Given the infrequent occurrence and no indication of a systematic weakness in internal controls, we did not make a recommendation to OJP.

## **Grant Financial Management**

According to the Guides, all grant recipients are required to establish and maintain adequate accounting systems and financial records to accurately account for federal funds awarded to them, to include accounting for award funds separately from other funding. In addition, the Los Angeles County's Fiscal Manual required federal grant monies received to be recorded in the appropriate fund and revenue account code. The Los Angeles County, including the LASD, utilizes the Electronic County-wide Accounting and Purchasing System known as eCAPS. We considered eCAPS to represent the official accounting records for LASD and Los Angeles County.

During our fieldwork, we requested that the LASD provide us a general ledger report for each of its 2014, 2015, and 2016 DNA Backlog Reduction Program grants. We found that the reports generated from eCAPS were incomplete and commingled with non-DOJ expenditures. The Los Angeles County's Chief Accountant stated that eCAPS was unable to generate a general ledger report with all grant-related transactions (including revenue and expenditures) for each award.<sup>7</sup> The LASD recorded all of the DNA Backlog Reduction Program grant drawdowns received (i.e., grant revenue), irrespective of the associated grant, in its general fund under the Scientific Services Bureau unit in revenue account "9031 Federal Grant." We found that other DOJ grant funding was also recorded into this account, thereby commingling DNA Backlog Reduction Program funding between each grant and with other federal revenue. Similarly, the LASD also recorded grant-related expenditures in its Scientific Services Bureau unit by expenditure account type, thereby commingling grant-related expenditures with non-grant-related expenditures, such as "traveling expenses" for example. An LASD official stated that it assigned a unique project code to each grant-related expenditure in order to separately account for each award. Although the LASD assigned unique project codes in eCAPS, we found that it did not properly apply those codes to all grant-related expenditures. Additionally, according to the Los Angeles County's Chief Accountant, eCAPS was unable to generate a general ledger report by project code. Without properly recording and being able to identify all grant-related expenditures, an accurate and complete listing of grant-related transactions could not be generated from eCAPS. The Los Angeles County's Chief Accountant stated that the capability exists for the LASD to establish additional organizational levels within eCAPS to identify grant-related transactions differently than by project code in order to generate auditable reports from eCAPS encompassing all grant-related transactions. We discuss this matter in more detail in the Grant Expenditures section of this report. In short, the LASD did not separately and properly account for each grant and its transactions (revenue and expenditures) in its official

---

<sup>7</sup> For the purpose of this audit, we did not evaluate the Los Angeles County's eCAPS for data reliability.

accounting records. Therefore, we recommend that OJP ensure that the LASD establish separate accounts or unique funds to separately track each of its DNA Backlog Reduction Program grant funds, including all revenue and expenditures, from all other funding as required by the Guides.

Given our discovery of commingled grant funds, we asked the LASD how it reported grant-related expenditures on its Federal Financial Reports (FFRs) if eCAPS did not maintain a complete and separate listing of grant-related transactions. An LASD official stated that its Grants Accounting Unit maintained its own spreadsheets of grant-related expenditures outside of eCAPS, and that those spreadsheets were utilized to drawdown grant funds and prepare its FFRs.<sup>8</sup> According to the DOJ Grants Financial Guide, if the agency's automated general ledger accounting system cannot accurately account for federal funds awarded to it, it should establish a system to adequately track funds according to budget category. Although the LASD maintained spreadsheets by budget category outside of eCAPS, an LASD official stated that it did not reconcile the spreadsheets to information entered into eCAPS. According to the Los Angeles County's Fiscal Manual, departments are required to reconcile on a monthly basis grant receipts to its eCAPS accounting records and to departmental subsidiary ledgers. Based on our comparison of the LASD's spreadsheets to its general ledger reports from eCAPS, we determined that the accounting records did not reconcile for each grant. By not maintaining adequate grant accounting records in eCAPS, including the accurate recording of all grant-related expenditures, eCAPS could not be reconciled to the LASD's spreadsheets that were the source of financial information reported to OJP, and therefore, the LASD was at an increased risk of reporting inaccurate financial information to OJP. Throughout the report, we state that the LASD's general ledger reports were incomplete and therefore not reliable data sets for our audit testing. For the purpose of this report, we relied on the LASD Grants Accounting Unit's spreadsheets maintained outside of the LASD's accounting system to conduct our audit testing. We recommend that OJP ensure that the LASD adhere to the Los Angeles County's Fiscal Manual for administering and overseeing DNA Backlog Reduction Program funds, to include monthly reconciliation of funds received and expended to the LASD's accounting records in eCAPS.

To identify the missing grant-related expenditures from eCAPS, we compared the LASD Grants Accounting Unit's spreadsheets with the general ledger reports and the FFRs it submitted to OJP. In total, we found \$511,478 in grant-related transactions that were not properly recorded and accounted for in eCAPS. Specifically, we found \$504,690 in personnel costs and \$6,788 in non-personnel costs that were not listed on the general ledger reports provided by the LASD. We discuss this matter further in the Grant Expenditures section of this report. Based on our interviews with Los Angeles County and LASD officials, and the limitations we observed of its financial management system, we believe that the LASD's

---

<sup>8</sup> According to the LASD Grants Accounting Unit, it referred to the spreadsheets that it maintained for each OJP DNA Backlog Reduction Program grant as financial records. Given that these spreadsheets were not the LASD's official accounting records and to distinguish these stand-alone support records from the official accounting records, we refer to the LASD Grants Accounting Unit's records as spreadsheets throughout this report.

practice of utilizing stand-alone spreadsheets in lieu of eCAPS may be systemic and applicable to how the LASD administers other federal funds. Therefore, we recommend that OJP ensure that the LASD establishes and strengthens its internal controls, including procedures that will result in DOJ funds that are properly, completely, and accurately recorded in the LASD's official accounting system and that the LASD make \$511,478 in adjusting journal entries to properly identify all grant-related transactions in eCAPS.

### *Single Audit*

The Single Audit Act requires that recipients of federal funding above a certain threshold receive an annual audit of its financial statements and federal expenditures.<sup>9</sup> Los Angeles County reported that its expenditures of federal funds in FYs 2014, 2015, and 2016 were approximately \$2.6 billion, \$2.7 billion, and \$2.8 billion, respectively. Therefore, Los Angeles County was required to have a single audit performed during each of these fiscal years. Based on our review of the FY 2014, 2015, and 2016 single audit reports for Los Angeles County, which encompassed the LASD, we identified cross-cutting concerns. Specifically, the single audit reports identified cross-cutting weaknesses with Los Angeles County's financial reporting, including its failure to properly track and report federal expenditures. For example, the single audit reports found that the LASD did not maintain a comprehensive list of federal grants received and did not report all federal grant-related expenditures on its single audit report's Schedule of Expenditures of Federal Awards. Our audit found similar weaknesses in the LASD's financial reporting and overall tracking of its grant-related expenditures, which we discuss further in the Grant Financial Management section of this report.

### *OJP Desk Reviews and Site Visit*

Between September 2015 and June 2017, OJP performed six desk reviews of the LASD's DNA Backlog Reduction Program grants. Although five of the desk reviews did not note any significant issues, OJP's May 2017 desk review noted that LASD personnel had not received financial management training as required. OJP stated that the LASD remedied the issue and provided evidence of its employees receiving the required training. As previously noted in the Grant Financial Management section of this report, we found issues with the LASD's financial administration of its grants, which we believe are related to the LASD's need for grant financial management training.

In July 2016, OJP conducted an on-site monitoring visit to the LASD, which included reviewing the LASD's FYs 2014 and 2015 DNA Backlog Reduction Program grants. As a result, OJP stated that no programmatic or administrative issues were identified during the site visit and that the LASD's DNA Backlog Reduction Program

---

<sup>9</sup> OMB Circular A-133 was superseded by 2 C.F.R. 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The new guidance, which affects all audits of fiscal years beginning on or after December 26, 2014, raised the audit threshold from \$500,000 to \$750,000. The Single Audit Report activities included here were conducted under both OMB Circular A-133 and the Uniform Guidance.

was progressing accordingly to the LASD’s plan in its approved applications. Although the LASD has made progress toward enhancing the capacity of its Laboratory, as discussed in the Program Performance and Accomplishments section of this report, we found that the Laboratory’s average time for processing forensic DNA samples became longer and its forensic DNA backlog increased.

## Grant Expenditures

Between October 2014 and December 2016, the LASD charged a total of \$1,963,473 (53 percent) in expenditures for awards 2014-DN-BX-0020 and 2015-DN-BX-0096.<sup>10</sup> As shown in Table 4, the expenditures included were supplies, overtime and the associated fringe benefits, equipment, travel, and other costs.

**Table 4**  
**LASD Expenditures from October 2014 through December 2016**

<b>Budget Category</b>	<b>2014-DN-BX-0020</b>	<b>2015-DN-BX-0096</b>	<b>Total</b>
Supplies	\$527,041	\$266,797	\$793,838
Overtime	261,221	214,335	475,556
Other	436,520	17,495	454,015
Equipment	166,841	3,455	170,296
Travel	22,921	17,713	40,634
Fringe Benefits	16,167	12,967	29,134
<b>Total</b>	<b>\$1,430,711</b>	<b>\$532,762</b>	<b>\$1,963,473</b>

Source: OIG analysis of LASD information

We judgmentally selected 51 expenditures, totaling \$1,237,085 to determine if the costs charged were allowable, properly authorized, adequately supported, and in compliance with the terms and conditions of the Guides. Of the 51 expenditures we tested, 26 were non-personnel while 25 were personnel expenditures. The following sections discuss the results of our testing.

### *Non-personnel Costs*

Our sample included 26 non-personnel expenditures totaling \$1,221,924. Specifically, we reviewed expenditures which included the purchase of filing cabinets, computers and software, training, and laboratory supplies. We reviewed supporting documentation including purchase orders, invoices, and receipts to

<sup>10</sup> At the start of our audit in March 2017, DOJ funding had not yet been drawdown for award 2016-DN-BX-0123. Therefore, the 2016 grant was not included in our grant expenditure testing.

determine if costs were allowable, properly authorized, adequately supported, and in compliance with the terms and conditions of the grants. Based on our review of the supporting documentation, we determined that all non-personnel expenditures were allowable, adequately supported, properly authorized, and in accordance with the terms and conditions of the grants.

As previously stated, based on our review of the general ledger reports from eCAPS, we determined that grant-related travel expenditures were commingled with non-grant-related travel expenditures. Specifically, we found \$6,788 in grant expenditures recorded in the LASD's spreadsheets and reported in its FFRs that were not properly identified in the eCAPS' general ledger reports. The Los Angeles County's Travel Office made travel arrangements for its employees and therefore travel costs were recorded in eCAPS in batched amounts by the Travel Office. The batched amounts did not contain a unique project code because the amounts included both grant-related expenditures and non-grant-related expenditures. The Los Angeles County's Chief Accountant stated that the LASD can perform manual adjusting journal entries if needed to ensure that the expenditures are properly coded and recorded in eCAPS. We discuss this matter in more detail in the Grant Financial Management section of this report.

#### *Personnel Costs*

We judgmentally selected 25 personnel transactions, totaling \$15,161 for testing. We reviewed supporting documentation including timecards, pay rate tables, and other documentation. Based on the documentation we reviewed, all overtime along with related fringe benefits that we tested were found to be allowable, adequately supported, properly authorized, and in accordance with the terms and conditions of the grants.

As previously stated, because the general ledger reports in eCAPS were incomplete, we relied on the LASD Grants Accounting Unit's spreadsheets to conduct our transaction testing. However, based on our review of the general ledger reports generated from eCAPS, we determined that overtime costs and the associated fringe benefits were recorded in eCAPS in batched amounts and were not identified with a project code. In total, we found \$504,690 in personnel costs recorded in the LASD's spreadsheets and reported on its FFRs that were not listed in the general ledger reports provided by the LASD.

We asked the LASD how personnel costs were tracked on its spreadsheets and reported in its FFRs if those costs were recorded in batched amounts. An LASD official stated that she used a monthly report from another system, called the Overtime Expenditures Tracking System, to track grant-related overtime expenditures. Overtime charges in the Overtime Expenditures Tracking System are not batched, but rather are recorded by line item expenditure and assigned an overtime control number that is unique to each grant. According to an LASD official, the Overtime Expenditures Tracking System does not electronically

communicate with eCAPS.<sup>11</sup> We also determined that the LASD Grants Accounting Unit manually calculated fringe benefit costs in its spreadsheets by multiplying each line item overtime charge by a rate issued from the Los Angeles County for workers compensation and unemployment benefits.<sup>12</sup> Without maintaining adequate accounting records in eCAPS, which includes properly identifying all grant-related expenditures, the LASD could not reconcile grant-related transactions in eCAPS to the spreadsheets being used to report grant-related activities to OJP. Therefore, the LASD was at an increased risk of reporting inaccurate financial information to OJP. We discuss this matter in more detail in the Grant Financial Management section of this report.

## **Budget Management and Control**

According to the Guides, prior approval from the awarding agency must be granted if the movement of dollars between grant budget categories exceeds 10 percent of the total award amount for awards over \$100,000.<sup>13</sup> Based on our review of the award package, we determined that awards 2014-DN-BX-0020, 2015-DN-BX-0096, and 2016-DN-BX-0123 exceeded the established threshold and were subject to the 10 percent rule.

Additionally, according to the Guides, the grant recipient must initiate a GAN for a grant budget modification that reallocates funds among budget categories if the proposed cumulative change is greater than 10 percent of the total award amount. To determine whether the LASD transferred funds among grant budget categories in excess of 10 percent we compared the approved budgets for awards 2014-DN-BX-0020 and 2015-DN-BX-0096 to the respective grant expenditures that were recorded on the LASD's spreadsheets.<sup>14</sup> We determined that the cumulative difference between the budgeted categories and corresponding expenditures were not greater than 10 percent for both grants and that the LASD properly initiated a GAN for all budget modifications.

### *Budgeted Costs in eCAPS*

According to the DOJ Grants Financial Guide, an adequate accounting system should generate reports that allow for the comparison of actual expenditures or outlays with budgeted amounts for each award. As discussed in the Program

---

<sup>11</sup> eCAPS has an Electronic Human Resources (eHR) module that documents personnel costs by line item expenditure and a unique document ID number. However, the eHR report does not contain either a project code or overtime control number to identify DOJ grant-related transactions.

<sup>12</sup> For the fringe benefit costs charged to awards 2014-DN-BX-0020 and 2015-DN-BX-0096, we determined that the rate issued by the Los Angeles County and utilized by the LASD Grants Accounting Unit was less than the actual rate incurred.

<sup>13</sup> According to the Guides, in December 2014, the threshold increased from \$100,000 to \$150,000. We determined that awards 2015-DN-BX-0096 and 2016-DN-BX-0123 were subject to the higher threshold of \$150,000 each.

<sup>14</sup> As of January 2017, the LASD had not yet drawdown funding for award 2016-DN-BX-0123. The LASD's grant budgets were maintained in spreadsheets outside of its accounting system.



Income section of this report, we found that the LASD’s Laboratory did not maintain its own operating budget, which is required in order to calculate program income earned. Additionally, we determined that the Scientific Services Bureau (which includes other departments besides the DNA Laboratory to include narcotics, toxicology, and trace evidence) budget reports generated from eCAPS for FYs 2014, 2015, and 2016 were inaccurate. Based on our review of the budget reports, the LASD budgeted funding for overtime costs only in FY 2014 and did not incur any overtime costs for FYs 2014 through 2016. However, we found that the overtime reports from the Overtime Expenditures Tracking System reported that the LASD had incurred overtime costs for the Laboratory in FYs 2014, 2015, and 2016. When we asked the LASD why the budget reports from eCAPS were inaccurate, an LASD official stated that the overtime costs were not identified in eCAPS by project code that would allow the costs to be included when the report was generated. Therefore, we recommend that OJP ensure that the LASD obtains the capability for its accounting system to generate reports that allow for the comparison of actual expenditures or outlays with budgeted amounts for each of the DNA Backlog Reduction Program awards.

**Drawdowns**

According to the Guides, award recipients should request funds based upon immediate disbursement or reimbursement needs. According to a LASD official, drawdowns were made quarterly and on a reimbursement basis. We reviewed the drawdowns for each award by comparing the total costs recorded in the grants’ spreadsheets against the cumulative drawdowns as of February 2017. As shown in Table 5, cumulative expenditures on the spreadsheets matched the cumulative drawdowns. As a result, we determined that the drawdowns for both awards were made as reimbursements.

**Table 5**  
**Analysis of Drawdown History**

<b>Award Number</b>	<b>Date of Drawdown</b>	<b>Total Drawdown</b>	<b>Cumulative Expenditures</b>	<b>Cumulative Differences</b>
2014-DN-BX-0020	02/08/17	\$1,430,711	\$1,430,711	\$0
2015-DN-BX-0096	02/08/17	\$532,762	\$532,762	\$0

Source: OIG and LASD

**Federal Financial Reports**

According to the Guides, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report as well as cumulative expenditures. To determine whether the LASD submitted

accurate FFRs, we compared the four most recent reports to the LASD's spreadsheets for awards 2014-DN-BX-0020 and 2015-DN-BX-0096.<sup>15</sup>

We determined that the expenditures reported on the LASD's FFRs matched what was recorded in its spreadsheets for grants 2014-DN-BX-0020 and 2015-DN-BX-0096. However, we also determined that the Laboratory entered into fee-for-service contracts with outside law enforcement agencies, which generated income for the Laboratory. Based on the LASD's inaccurate and incomplete general ledger and budget reports, we were unable to determine the amount of program income earned that the LASD did not report to OJP. According to the Guides, program income earned or expended must be reported on the quarterly FFRs. We found that the LASD did not report program income earned or expended on its FFRs, which we discuss further in the Program Income section of this report. Therefore, we recommend that OJP work with the LASD to ensure that it submits accurate and complete FFRs.

### **Program Income**

As previously stated, the Laboratory entered into fee-for-service contracts with outside law enforcement agencies to provide services such as DNA analysis, evidence screening, and forensic-related consulting for the nearby cities of Torrance, Santa Monica, and Long Beach. Between October 2014 and March 2017, these services generated \$1,215,088 in income for the Laboratory. As previously mentioned, we found that the Laboratory did not report program income on its FFRs to OJP.

According to OJP's *Guide for Fee for Service Laboratories*, if a Laboratory receives federal funding for equipment or personnel to expand the capacity of the DNA Laboratory and the Laboratory charges fees for providing DNA Laboratory services, part of those fees are allocable to on-going federal awards. The allocated federal portion of program income must be used to further increase the DNA Laboratory's capacity and cannot be used for another purpose nor be placed in the awardee's general fund to support non-DNA testing items. We determined that the LASD recorded the income from these contracts into the revenue account "9301 Law Enforcement Services" and no portion of the income was allocated to the DNA Backlog Reduction Program grants as required by the OJP's Guide. Although Laboratory officials we spoke to stated that the contracts do not constitute program income, the LASD Financial Programs Bureau Director we interviewed acknowledged that the contracts constitute a fee-for-service agreement generating income for the Laboratory.

The OJP Guide provided guidance to DNA Backlog Reduction Program awardees for how to calculate program income by providing a formula. Specifically, the percentage of the Laboratory's total DNA budgeted operational costs covered by the federal award is multiplied by the quarterly fees the Laboratory received for its

---

<sup>15</sup> At the start of our audit in February 2017, the LASD had not yet submitted a FFR to OJP for award 2016-DN-BX-0123.

DNA services. To determine the amount of program income that the Laboratory should have reported to OJP, we asked the Laboratory for its DNA laboratory operating budgets (including personnel, supplies, equipment, and training) for 2014, 2015, and 2016. The Laboratory provided us a breakdown of budgeted costs for items such as supplies and equipment. However, the list did not include all budgeted operational costs for the DNA Laboratory such as personnel and training. We also requested the information from the LASD's Financial Programs Bureau, which provided us the budgeted costs for the entire Scientific Services Bureau and not specifically the DNA Laboratory. Without the DNA Laboratory's budgeted costs we could not determine the amount of program income that the LASD did not report to OJP. Therefore, we recommend that OJP work with the LASD to identify the amount of program income related to its DNA Backlog Reduction Program grants and determine the amount of program income that it did not report to OJP since October 2014. We also recommend OJP ensure that the LASD separately account for and appropriately expend program income as required by OJP's Guide.

## CONCLUSION AND RECOMMENDATIONS

As a result of our audit testing, we concluded that the LASD did not adhere to all of the grant requirements we tested. Specifically, the LASD did not comply with essential award conditions related to grant financial management, budget management and control, federal financial reporting, and program income. The LASD has made progress towards achieving the grants' stated goals and objectives by enhancing its Laboratory's capacity through the purchase of equipment and supplies. The Laboratory also processed 4,510 cases between October 2014 and December 2017, surpassing the Laboratory's FYs 2014 and 2015 grants' goals. However, the Laboratory's average time for processing a forensic DNA sample and its DNA backlog increased. Between October 2014 and December 2017, the Laboratory's average time for processing a forensic DNA sample increased from 89 to 157 days and the backlog of forensic DNA profiles increased from 658 to 978 cases.

Over the course of the audit we identified significant deficiencies related to the LASD's financial management of its DNA Backlog Reduction Program awards. We found that the LASD's general ledger reports for its DNA Backlog Reduction Program awards were incomplete and commingled with non-DOJ expenditures. In total, we found \$511,478 in grant-related transactions that were not properly recorded and accounted for in the LASD's official accounting system. Additionally, the LASD relied on stand-alone spreadsheets that it maintained outside of its accounting system to report financial information to OJP. However, it did not reconcile the information in those spreadsheets to its accounting system as required by the Los Angeles County's Fiscal Manual.

Lastly, we found that the Laboratory did not properly identify, record in its accounting records, and report program income earned on fee-for-service contracts with outside law enforcement agencies. Based on the LASD's inaccurate and incomplete general ledger and budget reports, we were unable to determine the amount of program income earned that the LASD did not report on its FFRs. We provided seven recommendations to OJP to address these deficiencies.

We recommend that OJP:

1. Ensure that the program narrative and abstract in LASD's application for the FY 2018 DNA Capacity Enhancement and Backlog Reduction Program grant adequately addresses the grant program's goals and objectives as cited in the solicitation, to include reducing its forensic DNA sample processing time, reducing its DNA backlog, and increasing its processing capacity, as appropriate.
2. Ensure that the LASD establish separate accounts or unique funds to separately track its DNA Backlog Reduction Program grant funds, including all revenue and expenditures, from all other funding as required by the Guides.

3. Ensure that the LASD adhere to the Los Angeles County's Fiscal Manual for administering and overseeing DNA Backlog Reduction Program funds, to include the monthly reconciliation of funds received and expended to the LASD's accounting records in eCAPS.
4. Ensure that the LASD establishes and strengthens its internal controls, including procedures that will result in DOJ funds that are properly, completely, and accurately recorded in the LASD's official accounting system and that the LASD make \$511,478 in adjusting journal entries to properly identify all grant-related transactions in eCAPS.
5. Ensure that the LASD obtains the capability for its accounting system to generate reports that allow for the comparison of actual expenditures or outlays with budgeted amounts for each of the DNA Backlog Reduction Program awards.
6. Ensure that the LASD submit accurate and complete FFRs.
7. Work with the LASD to identify the amount of program income related to its DNA Backlog Reduction Program grants and determine the amount of program income that it did not report to OJP since October 2014. Additionally, ensure that the LASD separately account for and appropriately expend program income as required by OJP's Guide.

## **APPENDIX 1**

### **OBJECTIVES, SCOPE, AND METHODOLOGY**

The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant, and to determine whether the grantee demonstrated adequate progress towards achieving the program goals and objectives. To accomplish these objectives, we assessed performance in the following areas of grant management: (1) program performance, (2) financial management, (3) expenditures, (4) budget management and control, (5) drawdowns, and (6) federal financial reports.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This was an audit of NIJ grants awarded to the LASD under the DNA Capacity Enhancement and Backlog Reduction Program (DNA Backlog Reduction Program). As of February 2017, the LASD had drawdown \$1,963,473 (53 percent) for awards 2014-DN-BX-0020, 2015-DN-BX-0096, and 2016-DN-BX-0123. Our audit scope generally covered October 2014 through March 2017. As of February 2017, each of the three DNA Backlog Reduction Program grants were still on-going.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of the LASD's activities related to the audited grants. We performed sample-based audit testing for grant expenditures including personnel and non-personnel costs, financial reports, and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The Guides, as well as the award documents, contain the primary criteria we applied during the audit.

During our audit, we obtained information from OJP's Grants Management System as well as the LASD's accounting system specific to the management of DOJ funds during the audit period. We did not test the reliability of those systems as a whole, therefore any findings identified involving information from those systems was verified with documentation from other sources. Throughout the report, we state that the LASD's general ledger reports were incomplete and therefore unreliable data sets for our audit testing. For the purpose of this report, we relied on the LASD Grants Accounting Unit's spreadsheets that it maintained outside of its official accounting system to conduct our audit testing.

**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 19 2018

MEMORANDUM TO: David J. Gaschke  
Regional Audit Manager  
San Francisco 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 DNA Backlog Reduction Grants Awarded to the Los Angeles County Sheriff's Department, Los Angeles, California*

This memorandum is in reference to your correspondence, dated January 5, 2018, transmitting the above-referenced draft audit report for the Los Angeles County Sheriff's Department (LASD). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **seven** recommendations 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 OJP's response.

- 1. We recommend that OJP ensure that the program narrative and abstract in LASD's application for the FY 2018 DNA Capacity Enhancement and Backlog Reduction Program grant adequately addresses the grant program's goals and objectives as cited in the solicitation, to include reducing its forensic DNA sample processing time, reducing its DNA backlog, and increasing its processing capacity, as appropriate.**

OJP agrees with the recommendation. We will ensure that the program narrative and abstract documents, included in LASD's application for Fiscal Year 2018 DNA Capacity Enhancement and Backlog Reduction Program funding, is consistent with the program's goals and objectives, as cited in the solicitation; to include (to the extent indicated in the solicitation) reducing its forensic DNA sample processing time, reducing its DNA backlog, and increasing its processing capacity as appropriate.

2. **We recommend that OJP ensure that the LASD establish separate accounts or unique funds to separately track its DNA Backlog Reduction Program grant funds, including all revenue and expenditures, from all other funding as required by the Guides.**

OJP agrees with the recommendation. We will coordinate with the LASD to obtain a copy of written policies and procedures, developed and implemented, to ensure that unique funds or accounts are established to separately track each Federal award, including DNA Backlog Reduction Program grant funds, within its accounting system.

3. **We recommend that OJP ensure that the LASD adhere to the Los Angeles County's Fiscal Manual for administering and overseeing DNA Backlog Reduction Program funds, to include the monthly reconciliation of funds received and expended to the LASD's accounting records in eCAPS.**

OJP agrees with the recommendation. We will coordinate with the LASD to obtain a copy of written policies and procedures, developed and implemented, to ensure that LASD adheres to the Los Angeles County's Fiscal Manual for administering and overseeing DNA Backlog Reduction Program funds, to include the monthly reconciliation of funds received and expended to the LASD's accounting records in eCAPS.

4. **We recommend that OJP ensure that the LASD establishes and strengthens its internal controls, including procedures that will result in DOJ funds that are properly, completely, and accurately recorded in the LASD's official accounting system and that the LASD make \$511,478 in adjusting journal entries to properly identify all grant-related transactions in eCAPS.**

OJP agrees with the recommendation. We will coordinate with the LASD to obtain a copy of written policies and procedures, developed and implemented, to ensure that the LASD establishes and strengthens its internal controls, including procedures that will result in the U.S. Department of Justice (DOJ) funds that are properly, completely, and accurately recorded in the LASD's official accounting system; and that the LASD makes \$511,478 in adjusting journal entries to properly identify all grant-related transactions in eCAPS.

5. **We recommend that OJP ensure that the LASD obtains the capability for its accounting system to generate reports that allow for the comparison of actual expenditures or outlays with budgeted amounts for each of the DNA Backlog Reduction Program awards.**

OJP agrees with the recommendation. We will coordinate with the LASD to obtain a copy of its written policies and procedures, developed and implemented, to ensure that it regularly monitors the actual expenditures to budgeted costs for each of its Federal awards, including DNA Backlog Reduction Program awards.



**6. We recommend that OJP ensure that the LASD submit accurate and complete Federal Financial Reports.**

OJP agrees with the recommendation. We will coordinate with the LASD to obtain a copy of its written policies and procedures, developed and implemented, to ensure that Federal Financial Reports are accurate and complete; and are supported by amounts recorded in LASD's grant accounting records, and the County's accounting system.

**7. We recommend that OJP work with the LASD to identify the amount of program income related to its DNA Backlog Reduction Program grants and determine the amount of program income that it did not report to OJP since October 2014. Additionally, ensure that the LASD separately account for and appropriately expend program income as required by OJP's Guide.**

OJP agrees with the recommendation. We will work with the LASD to identify the amount of program income related to its DNA Backlog Reduction Program grants, and determine the amount of program income earned, but not reported, since October 2014. Additionally, OJP will coordinate with the LASD to obtain a copy of its written policies and procedures, developed and implemented, to ensure that LASD separately accounts for and appropriately expends program income as required by DOJ's Grants Financial Guide.

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: Maureen A. Henneberg  
Deputy Assistant Attorney General  
for Operations and Management

LeToya A. Johnson  
Senior Advisor  
Office of the Assistant Attorney General

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

David B. Muhlhausen  
Director  
National Institute of Justice

Howard Spivak  
Deputy Director  
National Institute of Justice

cc: Jennifer Scherer  
Deputy Director  
National Institute of Justice

Renee Cooper  
Director, Office of Grants Management  
National Institute of Justice

Alissa Genovese  
Division Director, Office of Grants Management  
National Institute of Justice

Alan C. Spanbauer  
Supervisory Grants Management Specialist  
National Institute of Justice

Charlene Hunter  
Program Analyst  
National Institute of Justice

Lisa Milton  
Administrative Specialist  
National Institute of Justice

Shelia Anderson  
Grants Management Specialist  
National Institute of Justice

Charles E. Moses  
Deputy General Counsel

Robert Davis  
Acting Director  
Office of Communications

Leigh A. Benda  
Chief Financial Officer

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

cc: Joanne M. Suttington  
Associate Chief Financial Officer  
Finance, Accounting, and Analysis Division  
Office of the Chief Financial Officer



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

Aida Brumme  
Manager, Evaluation and Oversight Branch  
Grants Financial Management Division  
Office of the Chief Financial Officer

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

OJP Executive Secretariat  
Control Number IT20180206145842

THE LASD'S RESPONSE TO THE DRAFT AUDIT REPORT<sup>16</sup>



**OFFICE OF THE SHERIFF**  
**COUNTY OF LOS ANGELES**  
**HALL OF JUSTICE**  
JIM McDONNELL, SHERIFF

January 26, 2018

David J. Gaschke, Regional Audit Manager  
San Francisco Regional Audit Office  
Office of the Inspector General  
United States Department of Justice  
90 7<sup>th</sup> Street, Suite 3-100  
San Francisco, California 94103

Dear Mr. Gaschke:

**RESPONSE TO THE DEPARTMENT OF JUSTICE, OFFICE OF THE INSPECTOR  
GENERAL, SAN FRANCISCO REGIONAL AUDIT OFFICE  
DRAFT AUDIT REPORT - DNA CAPACITY ENHANCEMENT AND  
BACKLOG REDUCTION PROGRAM GRANTS**

The United States Department of Justice (DOJ), Office of the Inspector General (OIG), San Francisco Regional Audit Office, issued a draft audit report dated January 5, 2018, to the Office of Justice Programs (OJP), relating to an audit of Grant Numbers 2014-DN-BX-0020, 2015-DN-BX-0096, and 2016-DN-BX-0123, awarded to the Los Angeles County (County) Sheriff's Department (LASD/Department), under OJP's National Institute of Justice's (NIJ) DNA Capacity Enhancement and Backlog Reduction Program. The draft audit report contained seven recommendations and all costs were deemed allowable. The OIG requested the LASD submit a written response to the draft audit report recommendations prior to their issuance of the final audit report. Included is the Department's response to the seven recommendations which include the response, the planned action, and/or the completed action taken to address the audit recommendations.

**RECOMMENDATION NO. 1** – "Ensure that the LASD develop a strategic plan to meet all the objectives of the grants, including reducing its forensic DNA sample processing time, reducing its DNA backlog, and increasing its capacity."

211 WEST TEMPLE STREET, LOS ANGELES, CALIFORNIA 90012  
*A Tradition of Service*  
— Since 1850 —

<sup>16</sup> On January 26, 2018, the LASD submitted a written response to a draft of this report that we provided for its review on January 5, 2018. On March 14, 2018, we provided the LASD an opportunity to respond to updates that we made to our report, including updates to Recommendation No. 1, particularly. The LASD stated to us that its January 26 written response continued to be its official response to our report. We have attached the January 26 response from the LASD, although as noted, this final report includes updates from our January 5 draft version, including Recommendation No. 1.

**RESPONSE:** We disagree with this recommendation. However, we believe that the DNA grant funds were spent consistently with their intended purpose as the Department more than doubled (2,412 cases) the goal of processing DNA backlog cases. The Department will work with NIJ to develop a strategic plan to optimize the use of grant funds in order to meet the objectives of the grants.

**RECOMMENDATION NO. 2** – “Ensure that the LASD establish separate accounts or unique funds to separately track its DNA Backlog Reduction Program grant funds, including all revenue and expenditures, from all other funding as required by the Guides.”

**RESPONSE TO REVENUE:** We agree with the recommendation to enhance the Department’s system to separately track revenue accounts in the County’s Electronic Countywide Accounting and Purchasing System (eCAPS) for all DNA programs. Currently, the Department’s federal grant funds received are posted to the Countywide Revenue Account (9031), which is designated for all federal grant funds.

**PLANNED ACTION:** Although the Department does maintain an accounting system to identify the funds received for each of the federal grants, we will request approval from the County Auditor-Controller’s Office to establish an additional Departmental sub-revenue code for funds specific for newly awarded federal grants.

**RESPONSE TO EXPENDITURES:** We disagree with the recommendation that we have not established a separate tracking for expenditure accounts for the DNA programs. All of our grant-related expenditures are tracked using a unique Project Code and Overtime Control Number (OCN) in eCAPS and the Electronic Human Resources System (e-HR) that is specific to each award with the exception of travel expenses (airfare and car rental) for a total of (\$6,788) and fringe benefit costs (\$29,134). The Travel Store is accredited by the County to manage all the airfare and car rental activities. The Auditor-Controller will distribute these charges to each County department via a journal voucher. Our Department will then distribute the charges to the unit with the grant project codes. The Travel Store system does not have the capacity to separate billings by using grant project codes.

**PLANNED ACTION:** We will work with the County Auditor-Controller's Office regarding necessary adjusting entries to capture the costs associated with the DNA programs.

**RECOMMENDATION NO. 3** – “Ensure that the LASD adhere to the Los Angeles County's Fiscal Manual for administering and overseeing DNA Backlog Reduction Program funds, to include the monthly reconciliation of funds received and expended to the LASD's accounting records in eCAPS.”

**RESPONSE:** We disagree with this recommendation. At the time of the audit, there were no requests made for documentation on any monthly expenditure and revenue reconciliations. We do monthly reconciliations for all revenue and expenditures on all grant-related programs in accordance with the County's Fiscal Manual.

**COMPLETED ACTION:** Our Department is in full compliance with the County's Fiscal Manual, and of all policies, procedures, and financial reconciliation requirements in eCAPS.

**RECOMMENDATION NO. 4** – “Ensure that the LASD establishes and strengthens its internal controls, including procedures that will result in DOJ funds that are properly, completely, and accurately recorded in the LASD's official accounting system, and that LASD make \$511,478 in adjusting journal entries to properly identify all grant-related transactions in eCAPS.”

**RESPONSE:** We disagree with this recommendation. The Department, as a part of the County, has established strong internal fiscal controls. The Department is in full compliance with the County's Fiscal Manual and Policies. The Department cannot complete an adjusting entry in eCAPS for a prior County fiscal year's transactions (overtime: \$475,556 + fringe benefits: \$29,134 + travel: \$6,788 = \$511,478). The Overtime Control Number (OCN) is issued and used specifically for each award to track overtime expenses. Employees use the specific OCN assigned to each award in posting their overtime in their electronic time card using the County's e-HR system. Overtime expenses charged to each award are captured through the OCN.

**PLANNED ACTION:** In the future, we will coordinate with the County Auditor-Controller's Office to ensure adjustments are posted to the eCAPS general ledger in the same fiscal year. We will also request additional training from the County Auditor-Controller's Office on the County's eCAPS Cost Accounting Project structure. These actions will assist the Department when adjusting accounting entries to separate overtime, fringe benefits, airfare, and car rental expenses from the Department's general fund budget.

**RECOMMENDATION NO. 5** – “Ensure that the LASD obtains the capability for its accounting system to generate reports that allow for the comparison of actual expenditures or outlays with budgeted amounts for each of the DNA Backlog Reduction Program awards.”

**RESPONSE:** We agree with this recommendation. The Department will work with the County Auditor-Controller's Office to capture and record costs related to the programs within the capabilities of the County's eCAPS and e-HR system. The current financial structure of the Department is being modified.

**COMPLETED ACTION:** The Department has adequate internal procurement, accounting, and payroll systems that generate reliable and accurate financial reports to account for all federal funds by grant program.

**RECOMMENDATION NO. 6** – “Ensure that the LASD submit accurate and complete [Federal Financial Reports] FFRs.”

**RESPONSE:** We disagree with this recommendation. The Department submits accurate and complete FFRs. There were no disallowed cost on this audit. As stated on Page 9, Paragraph 2 of the Draft Audit Report, “Based on our review of the supporting documentation, we determined that all non-personnel expenditures were allowable, adequately supported, properly authorized, and in accordance with the terms and conditions of the grants.” On Page 9, Paragraph 4 of the Draft Audit Report, “Based on the documentation we reviewed, all overtime along with related fringe benefits that we tested were found to be allowable, adequately supported, properly authorized, and in accordance with the terms and conditions of the grants. Also, on Page 12, Paragraph 2 of the Draft Audit Report, “We determined that the expenditures reported

on the Department's FFRs matched what was recorded in its spreadsheets for grants 2014-DN-BX-0020 and 2015-DN-BX-0096."

The Department's laboratory does not charge fees for providing DNA laboratory services, and therefore there was no program income to report on the FFRs. Also, the DNA grants awarded to the Department are not earning or expending any program income as indicated on Recommendation 7 below.

**RECOMMENDATION NO. 7** – "Work with the LASD to identify the amount of program income related to its DNA Backlog Reduction Program grants and determine the amount of program income that it did not report to OJP since October 2014. Additionally, ensure that the LASD separately account for and appropriately expend program income as required by OJP's Guide."

**RESPONSE:** We disagree with the recommendation. The contracts with the cities of Torrance, Santa Monica, and Long Beach do not generate program income as defined by the OJP's Guide for Fee for Service Laboratories. The contracts with these cities provide funding to hire additional criminalists to prioritize the handling of those cities' casework, and not to reduce the DNA backlog. These criminalists are County employees. All cities in the County, including the contract cities, submit casework to the Department, and there is no fee for service charged for those cases. The contracts do not generate revenue as gross income for the Department as a result of any of the grants. Should the amount of casework being submitted by these agencies surpass the capabilities of the contract criminalists then the work order goes in the pool of casework being conducted by the rest of the laboratory.

I appreciate the opportunity to respond to your program and financial management review and audit of the DNA Capacity Enhancement and Backlog Reduction Program Grants. It is my goal to ensure compliance for all of our grant programs.



Mr. Gaschke

-6-

January 26, 2018

Should you have any questions or concerns regarding this matter, please contact Rick Cavataio, Director, Financial Programs Bureau, at (213) 229-3291.

Sincerely,

JIM McDONNELL, SHERIFF

A handwritten signature in cursive script, appearing to read "Jill Serrano".

JILL SERRANO  
ASSISTANT SHERIFF

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

The Department of Justice Office of the Inspector General provided drafts of this audit report to the Office of Justice Programs (OJP) and the Los Angeles County Sheriff's Department (LASD). OJP's response is incorporated in Appendix 2 and the LASD's response is incorporated in Appendix 3 of this final report. In response to our draft audit report, OJP concurred with our recommendations and, as a result, the status of the audit report is resolved. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

**Recommendations for OJP:**

- 1. Ensure that the program narrative and abstract in LASD's application for the FY 2018 DNA Capacity Enhancement and Backlog Reduction Program grant adequately addresses the grant program's goals and objectives as cited in the solicitation, to include reducing its forensic DNA sample processing time, reducing its DNA backlog, and increasing its processing capacity, as appropriate.**<sup>17</sup>

Resolved. OJP agreed with our recommendation and stated that it will ensure that the program narrative and abstract documents, included in the LASD's application for FY 2018 DNA Capacity Enhancement and Backlog Reduction Program funding, is consistent with the program's goals and objectives, as cited in the solicitation; to include (to the extent indicated in the solicitation) reducing its forensic DNA sample processing time, reducing its DNA backlog, and increasing its processing capacity as appropriate.

The LASD stated in its response that it disagreed with our recommendation, but that it will work with NIJ to develop a strategic plan to optimize the use of grant funds in order to meet the objectives of the grants. The LASD stated that its DNA Backlog Reduction Program grant funds were spent consistently with their intended purpose as the Laboratory more than doubled (2,413 cases under the FY 2014 grant and 2,097 under the FY 2015 grant) its goals of processing DNA backlog cases. Although the Laboratory surpassed its FYs 2014 and 2015 grants' goals for processing DNA backlog

---

<sup>17</sup> Recommendation No. 1, in a draft of this report that we provided to the LASD and OJP on January 5, 2018, stated "[w]e recommend that OJP ensure that the LASD develop a strategic plan to meet all objectives of the grants, including reducing its forensic DNA sample processing time, reducing its DNA backlog, and increasing its capacity." Following discussions with OJP regarding this recommendation and our associated finding, we added additional information to our discussion of the LASD's progress on its grant objectives, revised the recommendation as it is stated in this final audit report, and shared the revisions with OJP and the LASD on March 14, 2018. OJP provided its response to the revised draft audit report, which is included in Appendix 2. Pursuant to the LASD's request, the OIG included in Appendix 3 the LASD's written response to the January 5, 2018, draft report, which identified the original language for Recommendation No. 1.

cases, we found that between October 2014 and December 2017 the Laboratory's average time for processing a forensic DNA sample increased from 89 to 157 days, and the backlog of forensic DNA profiles increased from 658 to 978 cases. Further, the Laboratory's FY 2016 grant application lacked specific objectives as to how each of OJP's three overarching programmatic goals were going to be achieved.

This recommendation can be closed when we receive evidence that the LASD's application for the FY 2018 DNA Capacity Enhancement and Backlog Reduction Program grant adequately addresses the grant program's goals and objectives as cited in the solicitation, to include reducing its forensic DNA sample processing time, reducing its DNA backlog, and increasing its processing capacity, as appropriate.

**2. Ensure that the LASD establish separate accounts or unique funds to separately track its DNA Backlog Reduction Program grant funds, including all revenue and expenditures, from all other funding as required by the Guides.**

Resolved. OJP agreed with our recommendation and stated that it will coordinate with the LASD to obtain a copy of written policies and procedures, developed and implemented, to ensure that unique funds or accounts are established to separately track each federal award, including DNA Backlog Reduction Program grant funds, within its accounting system.

The LASD stated in its response that it agreed with part of our recommendation. Specifically, the LASD agreed to enhance its Electronic County-wide Accounting and Purchasing System (eCAPS) to separately track revenue received for its DNA Backlog Reduction Program grant. The LASD stated that federal grant funds received are currently posted to the revenue account (9031), which is designated for all federal grant funds. The LASD stated that it will request approval from the Los Angeles County Auditor-Controller's Office to establish separate sub-revenue codes to separately track all newly awarded federal grants.

Additionally, the LASD stated in its response that it did not agree that it had failed to establish a separate tracking method for its DNA Backlog Reduction Program grant-related expenditures. The LASD stated that all of its grant-related expenditures are tracked using a unique project code and overtime control number in eCAPS and the Electronic Human Resource System (e-HR), with the exception of fringe benefits and travel costs. As noted in our report, although the LASD had assigned unique project codes in eCAPS, we found that it did not properly apply those codes to all grant-related expenditures, such as "traveling expenses," and e-HR (a module in eCAPS) pay details by employee does not contain either a project code or overtime control number to identify DOJ grant-related transactions. We found that the LASD recorded grant-related expenditures in its Scientific Services Bureau unit by

expenditure account type, thereby commingling grant-related expenditures with non-grant-related expenditures.

The LASD also stated that grant-related travel costs (\$6,788) were managed by the county's Travel Store, and that the Auditor-Controller's office had to distribute travel-related expenditures to each county department through journal vouchers. The Travel Store does not have the capability to separately bill travel expenditures by project codes. The LASD stated that it will work with its Auditor-Controller's Office regarding necessary adjusting journal entries needed to capture the costs associated with the DNA Backlog Reduction Program grants. Without maintaining adequate accounting records in eCAPS, which includes properly identifying all grant-related revenue and expenditures, the LASD could not reconcile grant-related transactions in eCAPS to the spreadsheets being used to report grant-related activities to OJP.

This recommendation can be closed when we receive evidence that the LASD has established separate accounts or unique funds to separately track its DNA Backlog Reduction Program grant funds, including all revenue and expenditures from all other funding as required by the Guides.

**3. Ensure that the LASD adhere to the Los Angeles County's Fiscal Manual for administering and overseeing DNA Backlog Reduction Program funds, to include the monthly reconciliation of funds received and expended to the LASD's accounting records in eCAPS.**

Resolved. OJP concurred with our recommendation and stated that it will coordinate with the LASD to obtain a copy of written policies and procedures, developed and implemented, to ensure that the LASD adheres to the Los Angeles County's Fiscal Manual for administering and overseeing DNA Backlog Reduction Program funds, to include the monthly reconciliation of funds received and expended to the LASD's accounting records in eCAPS.

The LASD stated in its response that it did not agree with our recommendation and that its department is in full compliance with the Los Angeles County's Fiscal Manual, and of all policies, procedures, and financial requirements in eCAPS. The LASD also stated that at the time of the audit, there were no requests made for documentation on any monthly expenditure and revenue reconciliations. The LASD stated that they do monthly reconciliations for all revenue and expenditures on all grant-related programs, in accordance with its Fiscal Manual. During our audit, we requested from a LASD Grants Accountant to provide a reconciliation of funds received and expended, including overtime and fringe benefits charged, to the LASD's accounting records in eCAPS. The LASD did not provide any evidence of a reconciliation. Based on our comparison of the LASD's spreadsheets to its general ledger reports from eCAPS, we determined that the accounting records did not reconcile for each grant.

This recommendation can be closed when we receive evidence that the LASD is adhering to the Los Angeles County's Fiscal Manual for administering and overseeing DNA Backlog Reduction Program funds, to include the monthly reconciliation of funds received and expended to the LASD's accounting records in eCAPS.

**4. Ensure that the LASD establishes and strengthens its internal controls, including procedures that will result in DOJ funds that are properly, completely, and accurately recorded in the LASD's official accounting system and that the LASD make \$511,478 in adjusting journal entries to properly identify all grant-related transactions in eCAPS.**

Resolved. OJP agreed with our recommendation and stated that it will coordinate with the LASD to obtain a copy of written policies and procedures, developed and implemented, to ensure that the LASD establishes and strengthens its internal controls, including procedures that will result in DOJ funds that are properly, completely, and accurately recorded in the LASD's official accounting system; and that the LASD makes \$511,478 in adjusting journal entries to properly identify all grant-related transactions in eCAPS.

The LASD stated in its response that it did not agree with our recommendation and that the LASD, which is part of Los Angeles County, has established strong internal fiscal controls. Additionally, the LASD stated that it is in full compliance with the county's Fiscal Manual and Policies, and that it cannot complete an adjusting entry in eCAPS for a prior fiscal year's transactions. During our audit, we found that the LASD did not properly identify \$511,478 in grant-related transactions in its accounting system. Specifically, we found \$504,690 in personnel costs and \$6,788 in non-personnel costs that were not listed on the general ledger reports provided by the LASD. We believe that if the LASD is unable to complete a prior fiscal year adjustment, it could make an adjusting journal entry in the current fiscal year.

The LASD also stated that it uses an overtime control number specific for each award to track overtime expenses. Employees use the overtime control number assigned to each award in posting their overtime charges in their electronic time card using e-HR. Overtime expenses charged to each award are captured through the overtime control number. Although, we found that e-HR does document personnel costs by line item expenditure and a unique document ID number, the LASD cannot run reports from eCAPS or e-HR using project codes or overtime control numbers to identify DOJ grant-related transactions.

In the future, the LASD stated that it will coordinate with the County Auditor-Controller's office to ensure adjustments are posted to the eCAPS general ledger in the same fiscal year and that it will request additional training from the County Auditor-Controller's office on eCAPS's cost accounting project

structure. These actions will assist the LASD when adjusting accounting entries to separate overtime, fringe benefits, airfare, and car rental expenses from the LASD's general fund budget.

This recommendation can be closed when we receive evidence that the LASD has established and strengthened its internal controls, including procedures that will result in DOJ funds that are properly, completely, and accurately recorded in the LASD's official accounting system and that the LASD make \$511,478 in adjusting journal entries to properly identify all grant-related transactions in eCAPS.

**5. Ensure that the LASD obtains the capability for its accounting system to generate reports that allow for the comparison of actual expenditures or outlays with budgeted amounts for each of the DNA Backlog Reduction Program awards.**

Resolved. OJP agreed with our recommendation and stated that it will coordinate with the LASD to obtain a copy of written policies and procedures, developed and implemented, to ensure that it regularly monitors the actual expenditures to budgeted costs for each of its federal awards, including DNA Backlog Reduction Program awards.

The LASD stated in its response that it agreed with our recommendation and that it will work with the Los Angeles County Auditor-Controller's office to capture and record costs related to the DNA Backlog Reduction Program within the capabilities of the county's eCAPS and e-HR system. The LASD also stated in its response that it has adequate internal procurement, accounting, and payroll systems that generate reliable and accurate financial reports to account for all federal funds by grant program. However, the LASD also stated that it is currently modifying the financial structure of its Department. As stated in our report, we found that the LASD's Laboratory did not maintain its own operating budget, which is required in order to calculate program income earned. Additionally, we determined that the Scientific Services Bureau (which includes other departments besides the DNA Laboratory to include narcotics, toxicology, and trace evidence) budget reports generated from eCAPS for FYs 2014, 2015, and 2016 were inaccurate. Specifically, overtime costs were not identified in eCAPS by project code that would allow the costs to be included when the budget reports were generated.

This recommendation can be closed when we receive evidence that the LASD has obtained the capability for its accounting system to generate reports that allow for the comparison of actual expenditures or outlays with budgeted amounts for each of the DNA Backlog Reduction Program awards.

**6. Ensure that the LASD submit accurate and complete FFRs.**

Resolved. OJP agreed with our recommendation and stated that it will coordinate with the LASD to obtain a copy of written policies and procedures, developed and implemented, to ensure that FFRs are accurate and complete; and are supported by amounts recorded in the LASD's grant accounting records, and the county's accounting system.

The LASD stated in its response that it did not agree with our recommendation and that it submits accurate and complete FFRs. Additionally, the LASD stated that there were no disallowed cost in the audit report and that all expenditures that were reviewed were allowable, adequately supported, properly authorized, and in accordance with the terms and conditions of the grants. As stated in our report, we determined that the expenditures reported on the LASD's FFRs matched what was recorded in its spreadsheets for grants 2014-DN-BX-0020 and 2015-DN-BX-0096. However, we also determined that the Laboratory entered into fee-for-service contracts with outside law enforcement agencies, which generated income for the Laboratory. The LASD stated in its response that the Laboratory does not charge fees for providing DNA laboratory services, and therefore there was no program income to report on the FFRs and that the grants are not earning or expending any program income. As stated in our report, we found that the Laboratory had entered into fee-for-service contracts with outside law enforcement agencies to provide services such as DNA analysis, evidence screening, and forensic-related consulting and between October 2014 and March 2017, these services generated \$1,215,088 in revenue for the Laboratory. The LASD's Laboratory did not report program income on its FFRs to OJP.

This recommendation can be closed when we receive evidence that the LASD has submitted accurate and complete FFRs.

**7. Work with the LASD to identify the amount of program income related to its DNA Backlog Reduction Program grants and determine the amount of program income that it did not report to OJP since October 2014. Additionally, ensure that the LASD separately account for and appropriately expend program income as required by OJP's Guide.**

Resolved. OJP agreed with our recommendation and stated that it will work with the LASD to identify the amount of program income related to its DNA Backlog Reduction Program grants, and determine the amount if program income earned, but not reported, since October 2014. Additionally, OJP will coordinate with the LASD to obtain a copy of its written policies and procedures, developed and implemented, to ensure that LASD separately accounts for and appropriately expends program income as required by the DOJ Grants Financial Guide.

The LASD stated in its response that it did not agree with our recommendation and that its contracts with the cities of Torrance, Santa Monica, and Long Beach do not generate program income as defined by the OJP's *Guide for Fee for Service Laboratories*. The LASD stated that the contracts provide funding to hire additional criminalists to prioritize the handling of those cities' casework, and not to reduce the DNA backlog. The LASD also stated in its response that the criminalists are county employees and that all cities in the county, including the contract cities, submit casework to the LASD, and there is no fee for service charged for those cases. The contracts do not generate revenue as gross income for the LASD as a result of any of the grants. If the amount of casework being submitted by these agencies surpass the capabilities of the contract criminalists then the work order goes in the pool of casework being conducted by the rest of the Laboratory. As stated in our report, the Laboratory entered into fee-for-service contracts with outside law enforcement agencies to provide services such as DNA analysis, evidence screening, and forensic-related consulting for the nearby cities of Torrance, Santa Monica, and Long Beach. Between October 2014 and March 2017, these contract services generated \$1,215,088 in income for the Laboratory. The LASD's Financial Programs Bureau Director we interviewed acknowledged that the contracts constitute a fee-for-service agreement generating income for the Laboratory. We also found that the LASD recorded the income from these contracts in its revenue account "9301 Law Enforcement Services" and no portion of the income was allocated to the DNA Backlog Reduction Program grants as required by the Guides.

This recommendation can be closed when the LASD provides evidence that it has identified the amount of program income related to its DNA Backlog Reduction Program grants and has determined the amount of program income that it did not report to OJP since October 2014. Additionally, OJP must demonstrate controls that ensure the LASD separately accounts for and appropriately expends program income in conformance with the Guide.





The Department of Justice Office of the Inspector General (DOJ OIG) is a statutorily created independent entity whose mission is to detect and deter waste, fraud, abuse, and misconduct in the Department of Justice, and to promote economy and efficiency in the Department's operations.

To report allegations of waste, fraud, abuse, or misconduct regarding DOJ programs, employees, contractors, grants, or contracts please visit or call the **DOJ OIG Hotline** at [oig.justice.gov/hotline](https://oig.justice.gov/hotline) or (800) 869-4499.

**U.S. DEPARTMENT OF JUSTICE OFFICE OF THE INSPECTOR GENERAL**

950 Pennsylvania Avenue, Northwest  
Suite 4760  
Washington, DC 20530-0001

**Website**  
[oig.justice.gov](https://oig.justice.gov)

**Twitter**  
[@JusticeOIG](https://twitter.com/JusticeOIG)

**YouTube**  
[JusticeOIG](https://www.youtube.com/JusticeOIG)

Also at [Oversight.gov](https://Oversight.gov)