



Office of Inspector General

Compliance Audit of the Statewide Criminal
Analysis Laboratory System Grant
Six-Month Follow-up Report

Project Number FP-IG0066-06

October 21, 2016

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EXECUTIVE SUMMARY

The objective of this six-month follow-up review is to assess the status of corrective actions taken by management in response to the Office of Inspector General (OIG) Report Number IG-0066, *Compliance audit of the Statewide Criminal Analysis Laboratory System Grant*, issued in March 2016.

The audit report contained eight findings with recommendations, and management agreed or partially agreed with all findings. In order to determine the status of those findings and recommendations, the OIG interviewed members responsible for implementing the recommendations, and also reviewed supporting documentation.

This six-month follow-up review concludes that management has taken some corrective action towards implementing the recommendations. Of the eight findings, three are closed and five remain open. Of the five findings that remain open, two were partially implemented. These open findings will be re-evaluated at a future date.

Finding 1 – CLOSED

State funding agreements between the Department and the crime labs did not include the statutory required provisions nor reference standardized reporting forms.

- Management agreed with this finding. This finding contained three recommendations. Our review determined that management had taken steps towards implementing the recommendations. Two had been completed; however one was partially implemented with management accepting the risks of not fully implementing the recommendation. (see page 3 for details).

Finding 2 – OPEN, partially implemented.

Final reconciliation reports were not completed as required by statute.

- Management agreed with this finding. This finding contained two recommendations. Our review determined that management had taken steps towards implementing both recommendations. One had been completed; however, the other remains open (see page 4 for details).

Finding 3 – OPEN

The Department has not identified an organizational unit within the agency as the responsible party for reviewing the recipients' financial reporting packages (Comprehensive Annual Financial Report – CAFR) as required in s. 215.97(5)(f), F.S.

- Management agreed with this finding. This finding contained one recommendation. Our review determined that management in consultation with the OIG had taken steps towards implementing the recommendation; however corrective action is pending approval by executive management (see page 5 for details).



Finding 4 – CLOSED

Information submitted by the crime labs annually on the Local Crime Laboratory Workload Data Report form did not comply with s. 943.36(1)(c), F.S., requirements of identifying the sources of workload by law enforcement agency.

- Management agreed with this finding. This finding contained one recommendation. Our review determined that management had taken corrective action to implement the recommendation (see page 6 for details).

Finding 5 – OPEN

The Department did not complete the annual audit process of actual operating expenditures as required in s. 943.36(4), F.S.

- Management partially agreed with this finding. This finding contained one recommendation. Our review determined corrective action is pending. (see page 7 for details).

Finding 6 – OPEN, partially implemented.

The Department did not complete the annual certification of the accuracy and completeness of state projects information included in the CSFA for state project #71.002 - Statewide Criminal Analysis Laboratory System, as required in Chapter 69I-5.005, F.A.C.

- Management partially agreed with this finding. This finding contained four recommendations. Our review determined that management had taken steps towards implementing the recommendations. Two are completed, one is closed with management accepting the risks for not implementing the recommendation, and one remains open (see page 8 for details).

Finding 7 – OPEN

FDLE Policy 1.10, FDLE Grant Program, does not identify duties and responsibilities and/or regulatory guidance applicable to the grant management of state financial assistance.

- Management agreed with this finding. This finding contained one recommendation. Our review determined that corrective action is pending (see page 10 for details).

Finding 8 – CLOSED

Language in the state funding agreements incorrectly referenced s. 938.03, Crimes Compensation Trust Fund, as the statutory authority for fines collected statewide to fund the Crime Labs grant.

- Management agreed with this finding. This finding contained one recommendation with two parts. Our review determined that management had taken corrective action to implement the recommendation (see page 10 for details).



SIX-MONTH STATUS

Finding Number 1: *State funding agreements between the Department and the crime labs did not include the statutory required provisions nor reference standardized reporting forms.*

Recommendation 1: We recommend management revise:

1. The state funding agreements to include all statutorily required provisions identified in s.215.971(1)(b-d), F.S.
2. The state funding agreements to include reference to the following Department standardized forms used for annual reporting:
 - FCLC-1 Local Crime Laboratory Budget Request;
 - Local Crime Laboratory Workload Data Report; and
 - Local Crime Laboratory Expenditures Report
3. The standardized forms to include the following tracking features:
 - Date of submission by crime labs;
 - Attestation by the Lab Director and/or designee to the accuracy of the information provided; and
 - Date of receipt by OCJG.

Management Response: Agree. The crime lab contracts transitioned to the Office of Criminal Justice Grants (OCJG) in January 2015. Prior to this review, OCJG became aware of deficiencies in the crime lab contracts and immediately began working to modify the contract and standardize forms. The crime lab contracts have been revised for the current state fiscal year (SFY) 2015-16 and include statutory requirements identified in s. 215.971, F.S.

The standardized forms have been modified to reflect the recommended changes, date of submission and participating agency chief official signature line. OCJG date stamps all incoming mail; however, if the participating agency submits budget requests via email, the corresponding email is printed and placed in the contract folder, allowing the contract manager to track date of receipt. The standardized forms will be referenced in future agreements.

Implementation Date: Funding agreements were revised **July 2015** to include statutorily required provisions. Reference to standardized forms will be incorporated in SFY 2016-17 agreements by **October 2016**. Standardized forms were modified **August 2015** to include recommended tracking features.

Six-Month Status:

Management's Response: Reference to standardized forms has been incorporated in SFY 2016-17 agreements and will be distributed to the crime labs for signature before October 2016. Funding agreements were revised July 2015 to include statutorily required provisions and standardized forms were modified August 2015 to include recommended tracking features.

OIG Conclusion: This finding is **closed**.

Our follow-up review confirmed:

1. The required provisions identified in s. 215.971(1)(b-d), F.S., were referenced in the FY15-16 and FY16-17 state funding agreements;



2. The standardized department forms were referenced in the FY16-17 state funding agreements; and
3. One of the standardized forms, the FCLC-1 Local Crime Laboratory Budget Request, was modified to include the suggested tracking features. However, the other two forms (Workload Data and Expenditure Report) were not modified to include the recommended tracking features. Management deemed the inclusion of the tracking features as not necessary, since these forms are submitted along with the FCLC-1 form as additional information. Management is accepting the risk of not fully implementing the recommendation.

Finding Number 2: *Final reconciliation reports were not completed as required by statute.*

Recommendation 2: We recommend management:

1. Ensure the grant manager complete a final reconciliation report as required by s.215.971(2)(c), F.S. for FY2014-2015 going forward.
2. Ensure the grant manager reviews the unaccounted funds to determine the accuracy of the Broward County refund check of \$27.68.

Management Response: Agree. OCJG is working with local crime laboratories on the financial reconciliation and closeout of the SFY 2013-14 and 2014-15 agreements to assure compliance with applicable Florida Statutes.

Please note that s. 943.36, F.S. requires crime labs submit annual reports by October 15th with prior year budget, financial and workload data. After discussions with local crime labs, the reporting deadline is approximately two weeks after the close of recipient's fiscal year. Recipients are having difficulty reconciling their financial records internally for the labs, the agency, and the county within that two week period in order to report timely and accurately. This has habitually resulted in FDLE receiving delayed, incomplete or inaccurate reports. Going forward FDLE will authorize an extension on the annual reports to December 31, if needed, for the labs to complete their prior fiscal year closeout.

OCJG will continue to work with local crime labs to reconcile and account for funds received through these agreements. However, s. 943.36(1), F.S. states "For the purpose of providing state funding, each laboratory...shall submit...a written report." FDLE has historically interpreted this to mean that annual written reports must be submitted and audited by the Department prior to executing the next agreement and distributing funds. Since this is statutorily authorized continuation funding, the agreements and payments will continue on schedule and the prior year reconciliation and reporting will be processed separately to reduce the impact on local agencies from halted or disrupted funding.

OCJG must receive the CAFRs in addition to the annual budget, workload data and expenditure reports from the labs before a financial reconciliation report can be completed. OCJG will complete this process for each contract period as soon as sufficient accurate information is submitted by the labs.

OCJG will communicate with Broward County in writing to request information required to account for expenditures, refunds and use of funds.



Implementation Date: Final reconciliation reports for SFY 2013-14 and 2014-15 agreements, as well as the noted Broward County reconciliation, are anticipated to be completed by **October 2016**.

Six-Month Status:

Management's Response: Final reconciliation reports for SFY 2013-14 agreements have been received and all 5 crime labs have reconciled satisfactorily and the contracts are closed. Final reconciliation reports for SFY 2014-15 are pending review of all CAFRs, with the exception of Broward County which has been completed. Remaining 2014-15 CAFRs anticipate completion by October 2016.

OCJG communicated with Broward County in writing May 3, 2016 for information required to account for expenditures, refunds and use of funds. Broward County provided justification on and both SFY 2013-14 and SFY 2014-15 has reconciled satisfactorily and the contracts have been closed.

OIG Conclusion: This finding remains **open**. The recommendations have partially been implemented.

Our follow-up review confirmed:

1. Although the grant manager has begun the reconciliation process, a final report has not been completed. Management is working on corrective action. This recommendation remains open.
2. The reconciliation of unaccounted funds for Broward County was completed. This recommendation is closed.

Finding Number 3: *The Department has not identified an organizational unit within the agency as the responsible party for reviewing the recipients' financial reporting packages (CAFR) as required by in s.215.97(5)(f), F.S.*

Recommendation 3: We recommend Executive Management designate an organizational unit responsible for the receipt and review of all CAFRs sent to the Department in accordance with the FSAA.

Management Response: Agree. The functional responsibilities for FDLE's compliance with the Florida Single Audit Act (FSAA) have not been comprehensively reviewed, discussed or assigned. This recommendation should be addressed with the Commissioner's Office as a Department level issue instead of within the context of a particular contract or grant.

Six-Month Status:

Management's Response: TBD by the Office of Executive Director (OED).



OIG Conclusion: This finding remains **open**.

Our review determined that management in consultation with the OIG had taken steps towards implementing the recommendation; however corrective action is pending approval by executive management.

Finding Number 4: *Information submitted by the crime labs annually on the Local Crime Laboratory Workload Data Report form did not comply with s.943.36(1)(c), F.S., requirements of identifying the sources of workload by law enforcement agency.*

Recommendation 4: We recommend management ensure the crime labs provide the sources of workload by law enforcement agency as required by statute and consider providing a standardized format for reporting the information.

Management Response: Agree. Prior to the OIG review, OCJG began the process to develop revised reporting forms. The forms are provided for crime labs to list sources of workload by the law enforcement agency it serviced. The new forms should aid the grant manager in determining if the crime lab provided services in which grant funds were used within their jurisdiction.

However, it should be noted that some crime labs do not have an electronic system in place for capturing this information; or, if a system is available, it does not have the capability to record this level of information. OCJG will continue to work with local crime labs to obtain as much information as is available from recipients to meet statutory requirements.

Implementation Date: OCJG revised the reporting forms to comply with s. 943.36 by adding the additional required fields for law enforcement agencies in **July 2015** when all forms were updated to add the other elements identified in Finding #1(3). OCJG will incorporate revised standardized forms into SFY 2016-17 agreements by **October 2016**.

Six-Month Status:

Management's Response: OCJG completed Finding #4 in July 2015, and has incorporated the revised standardized forms into SFY 2016-17 agreements.

OIG Conclusion: This finding is **closed**.

Our follow-up review confirmed the Local Crime Laboratory Workload Data Report for FY14-15 was revised to include a column for the crime labs to identify the sources of workload by law enforcement agency.



Finding Number 5: *The Department did not complete the annual audit process of actual operating expenditures as required in s.943.36(4), F.S.*

Recommendation 5: We recommend management ensure the grant manager completes the annual audit process as required by s. 943.36(4), F.S.

Management Response: Partially Agree. OCJG began contract management of these agreements in January 2015. This was in the middle of the SFY 2014-15 contract period. The Operations Review Specialist assigned as grant manager began the annual audit process to reconcile SFY 2013-14 in approximately July 2015. However, since the labs' annual reports did not contain all required information, OCJG is still in the process of communicating with and reconciling both the SFY 2013-14 and 2014-15 contracts.

OCJG will develop policies and procedures for the grant management of state financial assistance, which will incorporate expenditure review and financial reconciliation of all agreements. OCJG will continue the annual audit review process every year to ensure compliance.

Implementation Date: OCJG initially conducted a review of the SFY 2013-14 contracts in **July 2015** and will continue annual reviews as required upon receipt of labs' annual reports and CAFRs. OCJG will develop policies and procedures for state financial assistance grant management by **October 2016**.

Auditor Comments to Management Response: Management partially agreed with this recommendation. Section 943.36(4), F.S. states:

"The department shall provide for an annual audit process of the actual operating expenditures to verify their accuracy and compliance with excluded functions and provisions specified in s. 943.35(2) and to ensure that local laboratories are serving the needs of criminal justice agencies within their jurisdiction."

Our audit procedures disclosed that no annual audit process had been conducted for the audit period. Management's response states in part, that the grant manager began the process to reconcile SFY 2013-2014 expenditures but did not have all the required information from the labs to complete the process.

Six-Month Status:

Management's Response: OCJG received and reviewed all CAFRs for SFY 2013-14, all 5 crime labs reconciled satisfactorily and the contracts are closed. OCJG is still reviewing SFY 2014-15 CAFRs. The SFY 2014-15 annual review will be completed by October 2016. The annual audit process requirements are included in the overall discussion of policies and procedures for grant management of state financial assistance discussed in Finding #3 above. The final outcome of this recommendation will be included in the resolution as determined after consultation with OED.

OIG Conclusion: This finding remains **open**.

In a subsequent meeting with OCJG, on 9/20/16, it was determined corrective action is pending.



Finding Number 6: *The Department did not complete the annual certification of the accuracy and completeness of state projects information included in the CSFA for state project #71.002 - Statewide Criminal Analysis Laboratory System, as required in Rule 69I-5.005, F.A.C.*

Recommendation 6: We recommend management revise the CSFA for state project #71.002 to:

1. Update the responsible program in the Department for the management of the grant and their contact information.
2. Identify the process for determining the allocation of grant funds per crime lab.
3. Update the most recent version of the form titled: FCLC-1 Local Crime Laboratory Budget Request.
4. Reference the additional required forms titled: Local Crime Laboratory Workload Data Report and Local Crime Laboratory Lab Expenditures.

Management Response: Partially Agree. The annual catalog review and certification was conducted by the Contracts and Grants Governmental Accountability (CONGGA) unit in BSP and provided to DFS in April 2015. Recommendation #1 updating the contact information and responsible program area was completed at that time. A copy of this response was provided to the IG's Office on 2/29/2016 as part of this response.

The CSFA process and annual certification is included in the overall responsibilities of the FSAA process discussed in Finding #3. The corrective action plan for this recommendation will be incorporated into the Management Response for Finding #3 as part of a comprehensive plan to revise the roles and responsibilities for the Department's compliance with FSAA as addressed by the Commissioner's Office.

The forms referenced in the catalog will be updated to reference the revised version(s) during the next certification as well as updating the funding allocation process.

Implementation Date: October 2016

Auditor Comments to Management Response: Management partially agreed with this recommendation.

In regards to:

- Agency Annual Certification: At the conclusion of each Fiscal Year, State agencies are required to review each of their State Projects in the CSFA (catalog) and notify DFS of any additions, deletions, or revisions. Upon our review of the online catalog, we found that the four areas outlined in our recommendation were not accurate and needed to be updated. Our audit procedures disclosed that an annual certification, as required by Rule 69I-5.005, F.A.C, had not been completed.

However, during the response period to this audit report, management provided documentation that a certification had been completed and was submitted to DFS in 2015. The certification document only requested the contact information be changed and not the other areas identified in our recommendation. Furthermore, DFS had not updated the catalog as requested. An inquiry from



the OIG to DFS disclosed that a delay in changing the contact information was an oversight, and the contact information was changed at that time (on 3/3/2016).

To ensure that the catalog contains current information, the DFS website encourages agencies to submit any updates for the new Fiscal Year as soon as they are identified. While we recognize BSP did submit the annual certification, it did not contain the updates outlined in our recommendation.

- **FSAA Process:** Management's response states in part, "The CSFA process and annual certification is included in the overall responsibilities of the FSAA process discussed in Finding #3." However, Finding #3 does not discuss the overall responsibilities of the FSAA process and is limited solely to the responsibilities outlined in s. 215.97(5)(f), F.S., which states:
 - "(5) Each state awarding agency shall:
 - (f) Designate within the state awarding agency an organizational unit that will be responsible for reviewing financial reporting packages pursuant to paragraph (e)."

Six-Month Status:

Management's Response: OCJG updated the annual catalog for SFY 2014-15 during the certification in June 2016. OCJG requested new CSFA numbers and submitted the required documentation to add the new SFY 2016-17 projects to the catalog in August 2016. OCJG completed the updates/deletions for SFY 2015-16 projects to the catalog in September 2016.

OIG Conclusion: This finding remains **open**. The recommendations have partially been implemented.

Our follow-up review confirmed:

1. The correct responsible program for the management of the grant is identified in the "Information Contact" section of the FY15-16 CSFA for #71.002. This recommendation is closed.
2. In being consistent with the management of all OCJG grants identified in the CSFA, management advised the department does not typically adjust the allocation and appropriation process during the life expectancy of the grant period. The initial process for allocating funds is identified in the catalog. Therefore, this recommendation is closed, with management accepting the risk of not implementing this recommendation.
3. The FCLC-1 Local Crime Laboratory Budget Request form correctly identifies the most recent revised version of the form in the "Application Procedures" and "Deadlines" sections of the FY15-16 CSFA for #71.002. This recommendation is closed.
4. Subsequent to conversations with the OIG, on 9/20/16, OCJG submitted a second request to the Department of Financial Services (DFS) requesting that reference to the Local Crime Laboratory Workload Data Report and Lab Expenditures Report forms be included in the FY16-17 CSFA for #71.002. This request is currently pending. DFS has not updated the CSFA to accurately reflect the latest revisions. This recommendation remains open.



Finding Number 7: *FDLE Policy 1.10, FDLE Grant Program, does not identify duties and responsibilities applicable to the management of state financial assistance grants.*

Recommendation 7: We recommend management revise FDLE Policy 1.10 to reflect grant manager duties and responsibilities as it relates to management of state financial assistance in accordance with statutes.

Management Response: Agree. BSP will begin the process to revise FDLE Policy 1.10 within the context of a larger project that is ongoing to review and revise the overall grant management process for the Department.

Implementation Date: July 2016

Six-Month Status:

Management's Response: Revisions to FDLE Policy 1.10 are dependent on final policies and procedures for administration of state financial assistance, which are also tied to and dependent on final determination of the roles and responsibilities of the FSAA as discussed in Finding #3. The resolution for this recommendation will be addressed in conjunction with and on a similar timeframe as Finding #3 and #5 above with OED.

OIG Conclusion: This finding remains **open**.

Our follow-up review confirmed corrective action is pending.

Finding Number 8: *Language in the state funding agreements incorrectly referenced s. 938.03, Crimes Compensation Trust Fund, as the statutory authority for fines collected statewide to fund the Crime Labs grant.*

Recommendation 8: We recommend management revise the state funding agreements to remove reference to s.938.03, F.S, and add s. 938.055, F.S., to more appropriately reference the statutory authority for funding provided to the Crime Labs grant.

Management Response: Agree. As addressed in a previous finding, the crime lab contracts were revised for SFY 2015-16 to reflect the reference for all statutory authority for fines collected, including the reference to s. 938.055, F.S. Section 938.03 was left in the agreement because it had been previously incorporated as identification for how these funds were collected by the courts and deposited into the Crimes Compensation Trust Fund via the Department of Revenue; however this reference will be removed in the SFY 2016-17 agreements.

Implementation Date: OCJG incorporated s. 938.055, F.S. in **July 2015** during the SFY 2015-16 agreement revisions. OCJG will update the SFY 2016-17 agreements to remove s. 938.03, F.S. by **October 2016**.



Six-Month Status:

Management's Response: OCJG incorporated s. 938.055, F.S. in July 2015 and has removed s. 938.03, F.S. from the draft contract.

OIG Conclusion: This finding is **closed**.

OIG follow-up review confirmed reference to s. 938.03 was removed from the FY16-17 state funding agreements. However, while revisions were made to the state funding agreements, the agreements for FY15-16 and FY16-17 incorrectly identified s. 938.55 as the statutory authority for funding provided to the crime labs grant instead of s. 938.055, F.S. In a subsequent meeting with the OIG, on 9/20/16, OCJG requested the crime labs modify the FY16-17 state funding agreements to include the correct statutory authority for funding prior to submission to the department.



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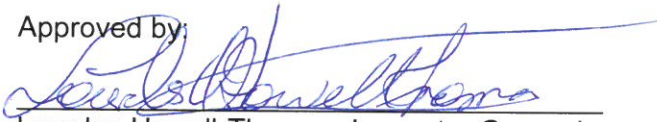
Rick Swearingen, Interim Commissioner
Michelle Pyle, Director of Business Support
Sharon Wester, Deputy Director of Business Support
Petrina Herring, Chief of Planning and Performance

Project Team

Audit conducted by:
Tijuana L. Comer, Senior Management Analyst II

Quality Assurance and Supervision Provided by:
Susan Cureton, Director of Auditing

Approved by:



Lourdes Howell-Thomas, Inspector General

10/21/16

Date