

Office of Inspector General

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

Project Number FP-IG0066-12

May 25, 2017

Service ★ Integrity ★ Respect ★ Quality



EXECUTIVE SUMMARY

The objective of this twelve-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 discussed with management and reviewed supporting documentation.

A six-month follow-up review was completed in October 2016, and concluded that management had taken some corrective action towards implementing the recommendations. Of the eight findings, three were closed (findings one, four and eight) and five remained open. Of the five findings that remained open, two were partially implemented.

This twelve-month follow-up review evaluated the remaining open findings and concludes that management has taken corrective action to implement the recommendations and all eight findings are closed.

Finding 2 – CLOSED

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 corrective action to implement the recommendations (see page 3 for details).

Finding 3 – CLOSED

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. (see page 4 for details).

Finding 5 – CLOSED

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 that management had taken corrective action to implement the recommendation (see page 5 for details).



Finding 6 – CLOSED

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. Three are completed and one is closed with management accepting the risks for not implementing the recommendation (see page 5 for details).

Finding 7 – CLOSED

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 management had taken corrective action to implement the recommendation (see page 6 for details).



TWELVE-MONTH STATUS

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.

Six-Month 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.



Twelve-Month Management's Response: OCJG completed final reports for the SFY 2014-15 period in March 2017. Reconciliation was completed on all five crime labs, and documented on a new OCJG Reconciliation and Closeout Form. OCJG will continue to use this process on subsequent agreements to ensure compliance with s. 215.971(2)(c), F.S.

Implementation Status: This finding is **CLOSED**.

1. The OIG confirmed at the conclusion of the twelve-month follow-up review that corrective action was taken by management to complete the reconciliations reports for FY14-15.
2. The OIG confirmed at the conclusion of the six-month follow-up review that corrective action was taken by management to complete review of Broward County unaccounted Broward County funds.

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

Twelve-Month Management's Response: The OIG coordinated the resolution for this finding. OCJG conducted the receipt and review of all CAFRs applicable to the bureau's state financial assistance contracts in accordance with the OIG's new procedures and checklists, and provided response and documentation to OIG to support compliance in March 2017.

Implementation Status: This finding is **CLOSED**.

The OIG confirmed with Department of Financial Services (DFS), that the FSAA designated organizational unit contact person is responsible for requesting new projects, updating the catalog, receiving/reviewing financial reporting packages, and general administration of state projects with single audit requirements. In consultation with the OIG and OCJG, it was determined that the OCJG was best suited for the role as the designated organizational unit for the agency. The DFS organizational unit contact list was revised on 1/23/17 and reflected the agreed upon changes.



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.

Six-Month 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.

Twelve-Month Status Management's Response: In March 2017, OCJG completed an annual audit process of actual operating expenditures for the SFY 2014-15 period. OCJG reviewed the CAFR's for each crime lab, and the OIG standardized form was utilized to verify that all expenditures were in compliance with s. 943.35(2), F.S. OCJG will continue to complete the annual audit process each year.

Implementation Status: This finding is **CLOSED**.

The OIG confirmed at the conclusion of the twelve-month follow-up review that corrective action was taken by management to complete an annual audit process.

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.

Six-Month 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.

Twelve-Month Management's Response: On December 6, 2016, OCJG confirmed with DFS that appropriate updates were made to the CSFA catalog. DFS completed updates to the catalog and OCJG verified that the DFS website reflects the requested changes.

Implementation Status: This finding is **CLOSED**.

1. The OIG confirmed at the conclusion of the six-month follow-up review that corrective action was taken by management to update the CSFA to reflect the current responsible program for the management of the grant.
2. The OIG confirmed at the conclusion of the six-month follow-up review that management agreed to accept the risks of not modifying the process for determining the allocations of funds per crime lab in the CSFA as recommended.
3. The OIG confirmed at the conclusion of the six-month follow-up review that corrective action was taken by management to update the CSFA to reference to the most recent version of the FCLC-1 Local Crime Laboratory Budget Request form.
4. The OIG confirmed at the conclusion of the twelve-month follow-up review that corrective action was taken by management to update the CSFA to reflect the use of the additional required forms titled: Local Crime Laboratory Workload Data Report and Local Crime Laboratory Lab Expenditures.



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.

Six-Month 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.

Twelve-Month Management's Response: BSP revised Policy 1.10 for FDLE "operational" grants which was effective August 2016. The changes do not include state financial assistance or federal pass-through grants. However, the OIG created the Florida Single Audit Act (FSAA) Roles and Responsibilities document for state financial assistance. These guidelines were implemented and disseminated by the OIG to FDLE's state financial assistance contract managers on January 18, 2017.

Implementation Status: This finding is **CLOSED**.

The OIG confirmed at the conclusion of the twelve-month follow-up review that corrective action was taken by management to revise FDLE Policy 1.10 to contain operational grant management information.



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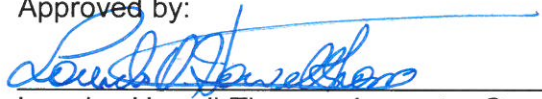
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5/25/17

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