

Office of Inspector General

Compliance Audit of the Statewide Criminal
Analysis Laboratory System Grant

Final Report

Project Number IG-0066

March 2016

Service ★ Integrity ★ Respect ★ Quality



EXECUTIVE SUMMARY

The Office of Inspector General (OIG) conducted a compliance audit of the Florida Department of Law Enforcement (Department) Statewide Criminal Analysis Laboratory System (Crime Labs) grant. The purpose of this engagement was to determine if the management of the Crime Labs grant complied with state single audit regulations as defined in Section (s.) 215.97, Florida Statutes (F.S.). The audit included activities from October 2012 through July 2015. As summarized below, our review identified opportunities to improve accountability and enhance internal controls.

Florida Single Audit Act (FSAA)

Finding No. 1: State funding agreements between the Department and the crime labs did not include the statutory required provisions nor reference standardized reporting forms.

Finding No. 2: Final reconciliation reports were not completed as required by statute.

Finding No. 3: 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.

Florida Statutes and Florida Administrative Code

Finding No. 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.

Finding No. 5: The Department did not complete the annual audit process of actual operating expenditures as required in s. 943.36(4), F.S.

Finding No. 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 Chapter 69I-5.005, F.A.C.

Department

Finding No. 7: 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.

Finding No. 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.



OBJECTIVES, SCOPE AND METHODOLOGY

The objective of this audit is to determine if FDLE is in compliance with statutes and rules governing state financial assistance as it relates to the Statewide Criminal Analysis Laboratory System grant.

Our audit included examination of various records for the period of October 1, 2012 through July 21, 2015. In performing this audit we:

- Interviewed selected Department Staff.
- Reviewed Florida Statutes, Florida Administrative Code, FDLE Policy 1.10 - *FDLE Grant Program*, and other authoritative guidance as they relate to compliance with s. 215.97, F.S., FSAA, and the grant management of state financial assistance.
- Reviewed the information contained within the CSFA state project #71.002 Statewide Criminal Analysis Laboratory System, to determine compliance with Rule 69I-5.005, F.A.C.
- Analyzed the FY 2014-2015 State Funding Agreements to determine compliance with contract language requirements specified in s. 215.971, F.S. and Rule 69I-5.006, F.A.C.
- Reviewed the state funding agreement forms: FCLC-1 Local Crime Laboratory Budget Request, Local Crime Laboratory Workload Data Report, and Local Crime Laboratory Expenditure to determine:
 - If funds were provided in excess of 75% of the actual operating cost; and
 - If the grant manager confirmed the crime lab expenditures were permissible pursuant to the requirements specified in ss. 943.35 and 943.361, F.S.
- Reviewed the first through the third quarterly payments of FY 2014-2015, to determine if any laboratory not identified in s. 943.35, F.S., received Crime Lab grant funding.
- Reviewed the Department of Management Services (DMS) Florida Contract Manager and Advancing Accountability course completion status documentation, to determine if the grant manager complied with the training requirements specified in s. 215.971, F.S.
- Reconciled financial payments against the Clerk of Courts calculation worksheet to confirm financial accountability.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objective of the audit.



In addition, the following criteria were used:

- Florida Statutes
- Florida Administrative Code
- Policy #1.10 – FDLE Grant Program (Rev. 11/24/09)
- State Funding Agreements
- CSFA State Project #71.002 Statewide Criminal Analysis Laboratory System

BACKGROUND

Historical Information

The Crime Labs grant was established to provide partial funding to locally operated laboratories. Section 943.35, F.S., specifically restricted funding to the following laboratories: Broward County Sheriff's Crime Laboratory; Metro-Dade Police Department Crime Laboratory; Indian River Crime Laboratory; Palm Beach County Crime Laboratory; and Pinellas County Forensic Laboratory.

The Florida Crime Laboratory Council (FCLC), within FDLE, was created to provide advice and make recommendations, as necessary, to the executive director of the Department to enhance accountability and the effective operation of crime laboratories. However, the council was statutorily eliminated effective July 2004. In addition, s. 943.36, F.S., was amended relating to the submission of the annual budget for the purpose of providing funding to the existing laboratories as set out in s. 943.35, F.S. FDLE was designated as the Department responsible for providing an annual audit process of the actual operating expenditures; and to ensure that local laboratories are serving the needs of criminal justice agencies within their jurisdiction.

Documentation provided to the OIG suggests that a meeting was held on May 26, 2009, between the five lab directors of the independent crime laboratories identified in s. 943.35, F.S., regarding the ambiguity in the criteria and method used during the fiscal process for distributing state funds. According to a letter signed by the Chairperson of the Florida Association of Crime Laboratory Directors, during this meeting, the lab directors unanimously agreed that a reimbursement would be most equitable if distributed proportional to the latest Federal U.S. census estimate in each respective jurisdiction.¹

Current Grant Administration

The Crime Labs grant recipients operate on the federal fiscal year calendar (October 1 through September 30) and receive funding on a quarterly basis. In accordance with statute, the State will provide funding up to 75 percent of the Crime Labs' operating costs dependent upon the amount of funds collected through criminal fines². The actual amount disbursed to the crime labs is a percentage of the fines collected based on the population of the counties served by each crime lab³.

¹ OIG staff could not validate the legitimacy of the documentation provided.

² Mandatory criminal fines imposed for driving or boating under the influence and discretionary fines the court may impose when a locally-funded crime laboratory provides services used for the prosecution of any violation included in Title XLVI, Crimes, Chapter 775-896 of the statutes are collected by the Clerk of Courts to fund the crime labs grant.

³ The 2013 population estimates published by the Florida Legislature, Office of Economic and Demographic Research are currently used to determine the percentage each Crime Lab receives in funding based off population size.



The table below summarizes the total percentage amount to be distributed based on population size.

Crime Lab	Population Served	% of Total Distribution
Broward County Sheriff's Crime Laboratory	1,784,715	24.62%
Indian River Crime Laboratory*	608,576	8.40%
Miami-Dade Police Department Crime Laboratory	2,582,375	35.63%
Palm Beach County Crime Laboratory	1,345,652	18.57%
Pinellas County Forensic Laboratory	926,610	12.78%
Total	7,247,928	100.00%

Source: FY 2014-2015 State Funding Agreements

*Indian River Crime Laboratory service area includes the 19th Judicial Circuit: Indian River, St. Lucie, Martin, and Okeechobee counties.

Statutory Authority

Section 943.35(2), F.S., states that any state funds provided in excess of the authorized percentage shall be returned to the state. In addition, the following functions are not to be considered laboratory operations for the purpose of appropriating state funds:

- a) Identification photography;
- b) Identification of fingerprints, other than latent;
- c) Polygraph;
- d) Electronic surveillance; and
- e) Medical examiners.

Section 943.361(1), F.S., states that funds deposited pursuant to ss. 938.055 and 938.07, shall be used for state reimbursements to the local county-operated crime laboratories enumerated in s. 943.35(1), and for the equipment, health, safety, and training of member crime laboratories of the statewide criminal analysis laboratory system.

Division Realignment

On January 1, 2015, the Office of Criminal Justice Grants (OCJG) located within the Business Support Program (BSP) assumed responsibility for the administration of the Crime Labs grant from the Office of Policy Development and Planning (OPDP) located within the Investigations and Forensic Science (IFS) Division.



FINDINGS AND RECOMMENDATIONS

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

Pursuant to s. 215.971(1)(b-d), F.S., an agency agreement that provides state financial assistance to a recipient or subrecipient, must include specific provisions defined in statute. Analysis of the FY 2014-2015 state funding agreements revealed the following provisions were not adequately identified within the agreements:

- Dividing the agreement into quantifiable units of deliverables that must be received and accepted in writing by the agency before payment;
- Specifying the financial consequences that apply if the recipient or subrecipient fails to perform the minimum level of service required by the agreement; and
- Specifying that a recipient or subrecipient of federal or state financial assistance may expend funds only for allowable costs resulting from obligations incurred during the specified agreement period.

In addition, to the statutory requirements, agreements do not identify a standard reporting method.

The recipient(s) are required to submit an annual report and operating budget that contain information regarding workload data and expenditure tracking. The state funding agreements neglect to identify standardized forms to comply with this requirement. However, documentation submitted by BSP suggests the crime labs use standardized forms to adhere to the contract requirements for reporting. It was noted that the crime labs submitted different versions of the form for the same FY.

Further review of the forms revealed there was no tracking data regarding:

- Signature attesting to the accuracy of the information provided.
 - Currently, the recipient does not have to sign the forms indicating who prepared the documentation or authenticate the information provided on the form.
- Date of submission by the crime labs.
 - The labs are required to submit an annual written report containing the operating budget, workload data, and expenditure tracking on or before October 15th of each year.
- Date of receipt of the documentation by OCJG.
 - There is no proof (ex. stamped date of receipt) when the Department received the document to ensure the necessary information was received by the required October 15th due date.

Without the inclusion of the required statutory provisions in the state funding agreements, the recipient(s) cannot be held accountable for services rendered. The Department risks the Department of Financial Services (DFS) denying approval of the state funding agreements due to noncompliance with statutory requirements.

Further, the lack of reference to the use of standardized forms in the state funding agreements may lead to inconsistencies in the manner or method each crime lab reports required information. Without the notation of tracking data on the standardized forms, the Department cannot readily attest that all required documents were submitted by the required due date. In



the event the information on the forms is deemed inaccurate, the current structure of the forms does not require the identification of the person submitting the forms or require the recipient to attest to the accuracy of the information provided.

Recommendation

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:
 - o FCLC-1 Local Crime Laboratory Budget Request;
 - o Local Crime Laboratory Workload Data Report; and
 - o Local Crime Laboratory Expenditures Report
- 3) The standardized forms to include the following tracking features:
 - o Date of submission by crime labs;
 - o Attestation by the Lab Director and/or designee to the accuracy of the information provided; and
 - o Date of receipt by OCJG.

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

Section 215.971(2)(c), F.S., requires the grant manager to reconcile and verify all funds received against all funds expended during the grant agreement period and produce a final reconciliation report. This report must identify any funds paid in excess of the expenditures incurred by the recipient or subrecipient. The OIG requested final reconciliation reports for FY 2012-2013 and 2013-2014, however none were provided. During interviews with the grant manager, it was noted there were no reconciliation reports provided in the historical grant documentation available from the previous responsible program area.

Contained within the grant documentation provided, the OIG noted the following two areas of concern:

Issue #1

A Microsoft Word document titled "DUI Notes" stated, "Expenditure tracking was not required in FY12-13 and FY13-14." OIG staff pulled the metadata for the document and determined the current grant manager created this document on 4/15/15. It should be noted this contradicts statutory requirements that must be adhered to by the grant manager. A final reconciliation report for the funds received during the FY 2012-2013 should have been completed by the previous grant administration, IFS, prior to the transfer of the grant to OCJG. Without the completion of a final reconciliation report, the grant manager cannot reconcile and verify all funds received against all funds expended during the grant agreement period as required per s. 215.971(2)(c), F.S.

Issue #2

A refund check from the Broward County Sheriff's Office dated 01/22/2015 for \$27.68. Accompanying the check was a letter indicating the check represented the unspent balance



from the FY 2013-2014 distribution. However, without the historical final reconciliation reports, OIG staff was unable to justify the accuracy of the refund check.

Based on a review of the Broward County Sheriff's Crime Laboratory CAFRs, an excess of funds was not accounted for FY 2009-2010 through FY 2013-2014. The table below summarizes Broward County disbursements compared to information provided on the CAFRs.

Disbursements:			
<u>Fiscal Year</u>	<u>Total Grant Disbursement by FY*</u>	<u>Net Grant Expenditures**</u>	<u>Unaccounted Grant Funds</u>
FY09-10	\$ 484,162.00	\$ (100,449.00)	\$ 383,713.00
FY10-11	\$ 474,352.00	\$ (72,871.00)	\$ 401,481.00
FY11-12***	\$ 448,814.00	\$ (148,990.00)	\$ 299,824.00
FY12-13	\$ 505,077.37	\$ (780,373.00)	\$ 809,722.37
FY13-14	\$ 526,281.97	\$ (1,046,076.00)	\$ 289,928.34
Source: *Disbursement information provided by IFS (FY09-10 through FY11-12) and BSP (FY12-13 through FY13-14) **Information extracted from the Broward County CAFRs. ***Approximate Total (Includes the 1 st through 3 rd distribution payments)			

Expenditures reported on the FY13-14 CAFR compared to prior distribution payments and previous CAFRs revealed Broward had an approximate balance of \$289,928.34 in unaccounted funds at the conclusion of the FY 2013-2014. Given this information, a refund check for unaccounted funds in the amount of \$27.68 does not appear to be accurate.

Recommendation

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.

Finding 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.

It was noted, the Office of Budget Management and Policy Planning (BMPP) has a grants unit⁴ charged with ensuring the federal and state financial assistance the agency receives is accurately reported, received, and recorded⁵. During staff interviews, it was determine this unit has not reviewed the CAFRs as a part of state financial assistance monitoring.

Historically, the OIG has reviewed the CAFRs; however, the OIG is the responsible unit for promoting accountability, integrity, and efficiency within the Department. The Government Auditing Standards (Rev. December 2011), Std. 3.02 states, "Independence – In all matters

⁴ As of October 2015, the Grants Unit within BMPP was organizationally moved under the BSP Director's Office.

⁵ Information extracted from the BMPP internal website.



relating to the audit work, the audit organization and the individual auditor, whether government or public, must be independent.” Given the role of the OIG, it is not appropriate for the unit to be responsible for reviewing the CAFRs for any state financial assistance received by the Department.

Without identifying an appropriate organizational unit to ensure the CAFRs are annually reviewed as required by statute for all state financial assistance received by the Department, there is a risk for noncompliance with the FSAA.

Recommendation

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.

Finding 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.

Statute requires the crime labs to report workload data, including, but not limited to, the volume of casework received and completed by type, and sources of workload by law enforcement agency. The Department provides a form titled: Local Crime Laboratory Workload Data Report to the crime labs for use to comply with the annual reporting requirements.

During review of the FY 2012-2013 and FY 2013-2014 Local Crime Laboratory Workload Data Report forms, it was noted the crime labs provided the following information:

- Discipline (ex. Biology/DNA);
- Number of Service Requests Received (actual number is cases submitted, requests received are not tracked); and
- Number of Service Requests Completed (returned to contributor).

At the bottom of the form there is a reference to include “...sources of workload by law enforcement agency” information. However, the crime labs did not provide the sources of workload by law enforcement agency information on the standardized form or in a separate document. Without this information, the recipient is noncompliant with the requirements identified in statute.

Recommendation

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.

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

Pursuant to s. 943.36(4), F.S., the Department shall provide 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 the criminal justice agencies within their jurisdiction. Through interviews with Department staff and review of historical grant documentation, it was determined there was no documentation supporting the completion of an annual audit process of the actual operating expenditures.

Per s. 215.971(2)(c), F.S., the grant manager shall reconcile and verify all funds, and produce a final reconciliation report. Compliance with s. 215.971(2)(c), F.S. in conjunction with s. 943.36(4), F.S., can be completed by the grant manager by expanding the process for reconciling grant documentation to include the annual audit process identified in statute.

Without the completion of an annual audit process, the Department is noncompliant with statute. Further, the Department cannot attest that expenditures deemed unallowable per s. 943.35(2)(a-e), F.S., were not inadvertently funded by the Crime Labs grant or ensure that the local laboratories are serving the needs of the criminal justice agencies within their jurisdiction.

Recommendation

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

Auditor Comments to Management Response: Management partially agreed with this recommendation (see full management response attached). 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.

Finding 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.

Pursuant to Rule 69I-5.005(4), F.A.C., state agencies are required annually to certify the accuracy and completeness of their state projects included in the CSFA. In reviewing the FY 2014-2015 CSFA for state project #71.002, the following errors were identified:

- Inaccurate responsible program and contact information referenced (IFS is listed however effective January 2015 BSP assumed responsibility;
- The current process for the distribution of funds per crime lab is not accurately referenced in the award procedures section (there is no reference to distributing funds based off total population size.);
- The application procedures section inaccurately refers to the outdated form FCLC-1, "Local Crime Laboratory Budget Request" revised 7-97; and



- The application procedures section does not refer to the Workload Data and Lab Expenditures Report forms used for the annual reporting component, thereby this section is incomplete.

Without completing the annual attestation of the accuracy and completeness of information contained in the CSFA, the Department is noncompliant with F.A.C. As a result, the CSFA provides inaccurate information to the recipient and general public via the CSFA public website.

Recommendation

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.

Auditor Comments to Management Response: Management partially agreed with this recommendation (see full management response attached).

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).”

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

Review of Policy 1.10 revealed the information provided pertains to the management of federally funded grant assistance. The policy does not reference the FSAA duties and responsibilities or regulatory guidance as it relates specifically to the management of state financial assistance.

Deficiencies in the policy were noted during interviews with Department staff, and OIG staff was advised provisions are being made to update and enhance policy to include all applicable statutory authority and administrative code that governs the management of state financial assistance.

As the result of a deficient policy, grant managers department-wide may not be aware of all state financial assistance statutory requirements or rule as it pertains to grant management and grant manager training, thereby effecting all state grants the Department administers. OIG staff identified the following regulatory guidance as applicable to the management of state financial assistance grants:

- S. 215.971, F.S. Florida Single Audit Act
- S. 215.971, F.S. Agreements funded with federal or state assistance.
- Rule 69I-5.005, F.A.C. State Project Determination.
- Rule 69I-5.006, F.A.C. Recipient/Subrecipient and Vendor Relationships.

Recommendation

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.

Finding 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.

State funding agreements state, “Fines are collected statewide by Clerks of Court and forwarded to FDLE pursuant to sections 938.03 and 938.07, Florida Statutes.”



Pursuant to s. 938.03, F.S., the clerk of court shall collect and forward \$49 of each \$50 collected to the Department of Revenue (DOR), to be deposited in the Crimes Compensation Trust Fund.

Pursuant to s. 938.07, F.S., the clerks shall remit the funds to the Department of Revenue, \$25 of which shall be deposited in the Emergency Medical Services Trust Fund, \$50 shall be deposited in the Operating Trust Fund of the Department of Law Enforcement to be used for operational expenses in conducting the statewide criminal analysis laboratory system established in s. 943.32, and \$60 shall be deposited in the Brain and Spinal Cord Injury Program Trust Fund created in s. 381.79.

Further review of all applicable statutes regarding the crime labs identified two other statutes that are specific to funding provided to the crime labs.

Pursuant to s. 938.055, F.S., notwithstanding any other law, the court may assess a defendant who pleads guilty or nolo contendere to, or is convicted of, a violation of any provision of chapters 775-896, without regard to whether adjudication was withheld, in addition to any fine and other penalty provided or authorized by law, an amount of \$100, to be paid to the clerk of the court, who shall forward it to the Department of Revenue for deposit in the Operating Trust Fund of the Department of Law Enforcement to be used by the statewide criminal analysis laboratory system for the purposes specified in s. 943.361.

Pursuant to s. 943.361(1), F.S., funds deposited pursuant to ss. 938.055 and 938.07 for the statewide criminal analysis laboratory system shall be used for state reimbursements to local county-operated crime laboratories enumerated in s. 943.35(1), and for the equipment, health, safety, and training of member crime laboratories of the statewide criminal analysis laboratory system.

Interviews with Department staff confirm the funds are received from DOR and deposited into the FDLE Operating Trust Fund.

As noted above, s. 938.03, F.S. pertains to funds collected and deposited into the DOR trust fund and not to FDLE. Therefore, reference to this statute in the state funding agreements is inaccurate, and could result in the Department receiving external audit citation.

Recommendation

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.



DISTRIBUTION, STATEMENT OF ACCORDANCE, AND PROJECT TEAM

Distribution

Rick Swearingen, Commissioner
Michelle Pyle, Director of Business Support
Petrina Herring, Chief of Planning and Performance
Auditor General
Office of the Chief Inspector General

Statement of Accordance

This audit was conducted pursuant to Section 20.055, Florida Statutes, and in accordance with Generally Accepted Government Auditing Standards as published by the United States Government Accountability Office. 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.

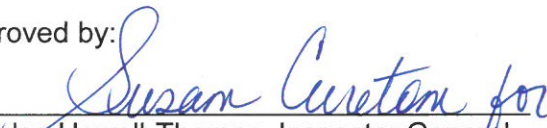
Copies of this audit report will be made available for public inspection.

Project Team

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

Approved by:



Lourdes Howell-Thomas, Inspector General

3-9-16

Date

Management Response

Management Response *updated 3/2/16*

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.

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**.

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.

Implementation Date: TBD by the Office of Executive Direction.

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**.

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**.

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

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

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**.