



**OFFICE OF JUSTICE PROGRAMS  
NATIONAL INSTITUTE OF JUSTICE COOPERATIVE  
AGREEMENT WITH THE  
ALLEGHENY COUNTY MEDICAL EXAMINER'S OFFICE  
PITTSBURGH, PENNSYLVANIA**

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

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COOPERATIVE AGREEMENT WITH THE  
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PITTSBURGH, PENNSYLVANIA**

**EXECUTIVE SUMMARY**

The U.S. Department of Justice (DOJ) Office of the Inspector General, Audit Division, has completed an audit of the Crime Laboratory Improvement Program agreement, number 2004-LP-CX-K015, awarded to the Allegheny County Medical Examiner's Office (Laboratory) in Pittsburgh, Pennsylvania. This agreement, awarded by the Office of Justice Program's (OJP) National Institute of Justice (NIJ), provided a total of \$1,237,850 to the Laboratory, including an initial award of \$248,375 in September 2004 and one supplemental award of \$989,475 in September 2005.<sup>1</sup> The Laboratory agreed to a matching contribution of \$82,815, bringing the total cost of the project to \$1,320,665. The purpose of the agreement was to fund a laboratory improvement program that would expand the Laboratory's information management system, enhance the analytical capabilities for toxicology and DNA testing, decrease the backlog of drug chemistry cases, and modernize the firearms laboratory.<sup>2</sup>

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

We determined the Laboratory did not fully comply with the agreement requirements we tested. We reviewed the Laboratory's compliance with nine essential agreement conditions and found weaknesses in eight of the nine areas we tested: (1) internal controls, (2) progress and financial reporting, (3) drawdowns, (4) budget management and control, (5) matching costs, (6) accountable property, (7) compliance with special conditions, and (8) program performance and accomplishments. We did not find

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<sup>1</sup> This report refers to the initial and supplementary awards as one award.

<sup>2</sup> DNA, or deoxyribonucleic acid, is genetic material found in almost all living cells that contains encoded information necessary for building and maintaining life. Approximately 99.9 percent of human DNA is the same for all people. The differences found in the remaining 0.1 percent allow scientists to develop a unique set of DNA identification characteristics (a DNA profile) for an individual by analyzing a specimen containing DNA.

weaknesses related to agreement expenditures. Because of the deficiencies identified, we are questioning \$1,054,550, or roughly 80 percent, of the agreement funding spent on the agreement-related project.<sup>3</sup>

In performing our fieldwork, we found the Laboratory did not comply with the essential requirements of the agreement. We found that progress reports were incomplete and unsupported; Financial Status Reports (FSRs) were submitted late and the documentation supporting the reports was also incomplete; information supporting the Laboratory's requests for drawing down federal funds was incomplete; management of the agreement's budget lacked sufficient internal controls; inventories of accountable property were not completed; and the Laboratory did not comply with all of the agreement's special conditions. Finally, because the Laboratory did not adequately document the program's performance, we could not determine if the Laboratory met all of the agreement's objectives.

These items are discussed in detail in the findings and recommendations section of the report. Our audit objectives, scope, and methodology appear in Appendix I.

We discussed the results of our audit with Laboratory officials and have included their comments in the report, as applicable. Additionally, we requested a response to our draft report from the Allegheny County Medical Examiner's Office and OJP, and their responses are appended to this report as Appendix III and IV, respectively. Our analysis of both responses, as well as a summary of the actions necessary to close the recommendations can be found in Appendix V of this report.

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<sup>3</sup> The Inspector General Act of 1978, as amended, contains our reporting requirements for questioned costs. However, not all findings are dollar-related. See Appendix II for a breakdown of our dollar-related findings and for definitions of questioned costs.

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## INTRODUCTION

The U.S. Department of Justice (DOJ) Office of the Inspector General, Audit Division, has completed an audit of the Crime Laboratory Improvement Program Agreement, number 2004-LP-CX-K015, awarded to the Allegheny County Medical Examiner's Office (Laboratory) located in Pittsburgh, Pennsylvania. The agreement, awarded by the Office of Justice Program's (OJP) National Institute of Justice (NIJ), provided the Laboratory a total of \$1,237,850, including an initial award of \$248,375 in September 2004 and one supplemental award of \$989,475 in September 2005.<sup>4</sup> The Laboratory agreed to a matching contribution of \$82,815 bringing the total cost of the project to \$1,320,665. The purpose of the agreement was to fund a laboratory improvement program that was to expand the Laboratory's Laboratory Information Management System (LIMS), enhance the Laboratory's analytical capabilities for toxicology and DNA testing, decrease the backlog of drug chemistry cases, and modernize the Laboratory's firearms testing capacity with specialized equipment.<sup>5</sup>

The objective of our audit was to determine whether reimbursements claimed for costs under the agreement were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the agreement. We also assessed the Laboratory's program performance in meeting agreement objectives and overall accomplishments. The table below shows the total funding period for the agreement.

### CRIME LABORATORY IMPROVEMENT AGREEMENT WITH ALLEGHENY COUNTY FORENSIC LABORATORY

AWARD	PROJECT START DATE	PROJECT END DATE	AWARD AMOUNT
<b>2004-LP-CX-K015</b>	06/01/2004	05/31/2005	\$248,375
<b>Supplement 1</b>	06/01/2004	05/31/2008	989,475
<b>Total</b>			\$1,237,850

Source: Office of Justice Programs

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<sup>4</sup> The report refers to the initial and supplementary awards as one award.

<sup>5</sup> DNA, or deoxyribonucleic acid, is genetic material found in almost all living cells that contains encoded information necessary for building and maintaining life. Approximately 99.9 percent of human DNA is the same for all people. The differences found in the remaining 0.1 percent allow scientists to develop a unique set of DNA identification characteristics (a DNA profile) for an individual by analyzing a specimen containing DNA.

## **Office of Justice Programs**

The Office of Justice Programs (OJP), within the Department of Justice, provides the primary management and oversight of the agreement we audited. Through the programs developed and funded by its bureaus and offices, OJP works to form partnerships among federal, state, and local government officials in an effort to improve criminal justice systems, increase knowledge about crime, assist crime victims, and improve the administration of justice in America.

## **National Institute of Justice**

The National Institute of Justice is one of five components within OJP. OJP's other components include the: (1) Bureau of Justice Statistics, (2) Bureau of Justice Assistance, (3) Office of Juvenile Justice and Delinquency Programs, and (4) Office for Victims of Crime. NIJ is the research, development, and evaluation agency of the Department of Justice and works to provide objective, independent, evidence-based knowledge and tools to meet the challenges of crime and justice, particularly at the state and local levels.

## **Medical Examiner Office's Crime Laboratory Improvement Program**

The Allegheny County Medical Examiner's Office, formerly known as the Coroner's Office, is, according to its website, committed to deliver high quality professional forensic and laboratory services to the citizens of Allegheny County, applying current scientific methods for evidence analyses and investigations to assist law enforcement, judicial court systems, and health and environmental agencies.<sup>6</sup>

The specific areas funded by the Crime Laboratory Improvement Program included: (1) expansion of the Laboratory's Laboratory Information Management System (LIMS), (2) enhancement of toxicology and DNA analytical capabilities, (3) reduction of the backlog of drug chemistry cases, and (4) acquiring a bullet recovery and indoor rifle range system.

The LIMS system requested by the Laboratory was to replace a paper-based reporting system with an automated reporting system. Because the Laboratory was wired for networking, officials believed that acquiring the LIMS would automate and improve the Laboratory's capabilities for

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<sup>6</sup> The agreements were originally awarded to the Allegheny County Coroner's Office, Forensic Laboratory Division. That office became the Office of the Medical Examiner in 2005.

managing data, tracking and securing evidence, and producing scientific reports.

The Toxicology Section of the Laboratory is responsible for analyzing post mortem specimens submitted by the Medical Examiner's Office and specimens submitted for testing as a part of drug and alcohol related cases. At the time of the agreement application, the Laboratory was processing almost 2,000 driving under the influence (DUI) cases per year, one third of which required additional drug-related testing. Officials believed the agreement would increase the Laboratory's capability to perform drug-related testing and result in an increase in the county's prosecutions of drug and alcohol related cases.

The Laboratory's Drug Chemistry Section is responsible for the identification of controlled and scheduled substances that violate state and federal drug laws. The majority of the substances analyzed by the Laboratory at the time of the application were marijuana, cocaine, and heroin. Laboratory officials noted that hiring restrictions imposed by the county resulted in a significant backlog of drug chemistry cases. Officials hoped that overtime funding provided by the agreement would reduce the backlog.

The DNA Chemistry Section also performs the county's DNA analysis capability. In its application, Laboratory officials reported that a homicide or sexual assault case sometimes required DNA analysis of more than 50 physiological fluid samples. Therefore, a goal of the project was to develop a DNA screening technique that would eliminate or reduce the DNA backlog. Officials believed that the purchase of new equipment would help achieve this goal.

At the time of the application, Laboratory analysts used a "home-made" water trap to collect bullet samples from pistols and a series of telephone books and armor to collect samples from rifles. The agreement included funding to acquire a bullet recovery system and an indoor rifle range. Officials hoped a new modern system would reduce the backlog of 2,100 firearms cases and reduce the estimated 11-month delay in processing the cases.

## **Our Audit Approach**

We tested compliance with what we considered to be the most important conditions of the agreement. The criteria we audited against are found in the current version of the OJP Financial Guide, which serves as a reference manual assisting award recipients in their fiduciary responsibility

to safeguard agreement funds and ensure funds are used appropriately. We tested the Laboratory's:

- **Internal control environment** to determine whether the financial accounting system and related internal controls were adequate to safeguard agreement funds and ensure compliance with the terms and conditions of the agreement.
- **Agreement expenditures** to determine whether the costs charged to the agreement were allowable and supported.
- **Reporting** to determine if the required periodic Financial Status Reports and Progress Reports were submitted on time and accurately reflected agreement activity.
- **Drawdowns** to determine if the Laboratory adequately supported its requests for funding and managed its agreement receipts in accordance with federal requirements.
- **Budget management and control** to determine the overall acceptability of budgeted costs by identifying any budget deviations between the amounts authorized in the budget and the actual costs incurred for each budget category.
- **Matching costs** to determine if the Laboratory provided matching funds that supported the project and were in addition to funds that otherwise would have been available for the project.
- **Accountable property** to determine the procedures for controlling accountable property.
- **Compliance with award special conditions** to determine if the Laboratory complied with special conditions or criteria specified in the award documents.
- **Program performance and accomplishments** to determine whether the Laboratory achieved the agreement's objectives and to assess performance and agreement accomplishments.

When applicable, we also test for compliance in the areas of indirect costs, program income, and monitoring of contractors and sub-grantees. For the award to the Laboratory, we found no evidence of program income or indirect costs and monitoring of contractors and sub-grantees was not required.

## **FINDINGS AND RECOMMENDATIONS**

### **COMPLIANCE WITH ESSENTIAL AGREEMENT REQUIREMENTS**

We determined that the Laboratory was in material noncompliance with essential agreement requirements in eight of the nine areas tested. We found: (1) inadequate agreement reporting, including inaccurate, untimely, incomplete, or missing financial and progress reports; (2) unsupported drawdowns; (3) weak internal management controls; (4) inadequate monitoring of agreement expenditures against approved budget categories; (5) matching costs that did not make an operational contribution to the agreement; (6) insufficient documentation to support the agreement's semi-annual reporting requirement; (7) a failure to meet special conditions established by the agreement, and (8) weaknesses with the program's overall performance. As a result of these deficiencies, we question \$1,054,550 in expenditures which represents roughly 80 percent of the total agreement award. These conditions, including the underlying causes and potential effects on the Crime Laboratory Improvement Program, are further discussed in the body of this report.

#### **Internal Control Environment**

We began this audit by reviewing the Laboratory's accounting and financial management system and Single Audit Reports to assess the Laboratory's risk of non-compliance with laws, regulations, guidelines, and the terms and conditions of the agreement. We also interviewed management staff from the organization, observed accounting activities, and attempted to perform transaction testing to further assess risk.

While our audit did not assess the Laboratory's overall system of internal controls, we did review the internal controls of the Laboratory's financial management system specific to the management of DOJ agreement funds during the agreement period under review. As we discuss later in this report, we did identify internal control weaknesses in some of the areas we reviewed and tested. These internal control deficiencies are discussed in greater detail below, and these deficiencies taken as a whole warrant the attention of Laboratory management for possible corrective action.

## **Agreement Expenditures**

We tested a judgmental sample of Laboratory expenditures to determine if they were allowable and supportable. To determine if expenditures were allowable, we compared the expenditures to the agreement budget and permissible uses of agreement funds outlined in the OJP Financial Guide and incorporated into the agreement's terms and conditions. To determine if expenditures were supported, we reviewed purchase documents, invoices, and accompanying accounting system data. As of our fieldwork in December 2009, the Laboratory had expended \$1,331,131 on the agreement-related project, primarily for equipment purchases and to a lesser extent on personnel costs, travel, supplies, and outside contractors.

Laboratory officials told us that they created a unique accounting code within the county's accounting system to segregate and specifically track expenditures made under the agreement. Using that accounting code, Laboratory officials provided us with a transaction list of 197 invoices totaling \$1,224,157 and paid for with agreement funds. The expenditures were for travel, equipment, and supplies. From the list of 197 invoices, we selected for detailed expenditure testing a non-random sample of 25 invoices totaling \$1,145,216 of the total project funds expended at the time of our on-site field work. As a result of our expenditure testing, we determined that each of the 25 invoices were both allowable and adequately supported.

We tested a judgmental sample of personnel expenditures of three DNA Analysts over two non-consecutive pay periods, totaling \$1,538 of \$46,010, or 3 percent of Allegheny County's personnel expenditures. We tested personnel transactions to determine if they were computed correctly, properly authorized, accurately recorded, and properly allocated. To determine if the expenditures were computed correctly we compared the overtime payments to DNA Analysts to their overtime hourly rate to verify if the payments to employees matched hours worked. To determine if expenditures were properly authorized, we reviewed them for evidence of supervisory approval. To determine if transactions were properly recorded, we verified that they appeared within Allegheny County's accounting records. To determine if transactions were properly allocated, we reviewed Allegheny County's approved budget. We determined that each of the payments to the DNA analysts was computed correctly, properly authorized and properly allocated.

## Reporting

### *Financial Status Reports*

The financial aspects of OJP agreements are monitored through Financial Status Reports (FSRs). According to the OJP Financial Guide, FSRs are designed to describe the status of the program's funds and should be submitted within 45 days of the end of the most recent quarterly reporting period. For periods when there have been no program outlays, a report to that effect must be submitted. Funds for the current grant or future awards may be withheld if reports are not submitted or are excessively late.

We found that the Laboratory submitted all of the 17 required FSRs. Of the 17 FSRs submitted, 4 were late. One report was 13 days late while the remaining reports were between 63 and 247 days late. However, the Laboratory's final four FSRs were submitted in a timely manner, and we do not view the late FSR submissions that occurred early on during the agreement as a systemic internal control deficiency.

We asked Laboratory officials to provide the financial records used to support the 17 FSRs, and we were told that the Laboratory did not maintain those records. Because officials did not maintain the required financial records to support the completion of their FSRs, we were unable to perform any detailed testing to verify the accuracy of any of the 17 quarterly FSR submissions. The only FSR validation we were able to perform was a comparison of the total expenditure amount reported on the final FSR submission to summary totals reflected in the financial records. While the summary totals agreed with the final FSR submission, the detailed supporting documentation for individual FSRs was not available for our review.

We asked a Laboratory official responsible for preparing the FSRs why the FSRs were submitted late and why documentation supporting FSRs was not maintained. We were told that most of the late FSRs were submitted at the beginning of the agreement period prior to his employment at the Laboratory and that the late and unsupported FSRs were the responsibility of his predecessor. In our view, without accurate and verifiable FSRs, OJP cannot properly monitor agreement financial activities and this places agreement funds at risk.

### *Progress Reports*

Progress reports provide information relevant to the performance of an agreement and the accomplishment of objectives as set forth in the

approved award application. According to the OJP Financial Guide, these reports must be submitted twice yearly, within 30 days after the end of the reporting periods of June 30 and December 31, for the life of the award. If an award recipient does not provide reports or include full details of the funded program's implementation, OJP's ability to monitor agreement activity is impaired and there is an increased risk that a project will be delayed or not completed as intended. Additionally, this may cause funds to be wasted or used for unallowable purposes.

According to OJP's Grant Management System, the Laboratory submitted all of the nine required reports on time. However, Laboratory officials were unable to provide us with copies of any of the progress reports or the supporting documents used to prepare the reports. Moreover, OJP's program manager could only document five of the nine required reports.

The Laboratory's application identified four measurable objectives:

- Expansion of the Laboratory Information Management System;
- Enhancement of Toxicology and DNA Analytical Capabilities;
- Reduction of the Backlog of Drug Chemistry Cases; and
- Acquisition of a Bullet Recovery and Indoor Rifle Range System.

From our review of the five documented progress reports, we determined that the reports were submitted in a timely manner. However, in reviewing the content of these reports, the Laboratory provided limited information, and none of the reports included a measure of the Laboratory's progress toward meeting the program's objectives. Moreover, the Laboratory's progress reports did not disclose to the NIJ additional pertinent information related to matching costs that we discuss in detail later in this report. In this instance, the Laboratory intended to use the purchase of a piece of specialized equipment in support of its local match. However, due to changes related to problems with the equipment's software, this piece of specialized equipment could not be used as intended. The progress reports did not include any discussion of this change. In our view, this change constitutes a significant change in the implementation of this program and the progress reports should have disclosed this change and the reason why it occurred. In discussing this issue with Laboratory management officials, they were unable to provide an explanation as to why this occurred other than to cite the former Project Manger as bearing full responsibility. Collectively, the absence of four required progress report submissions coupled with the submission of progress reports that lacked sufficient detail

and that we considered incomplete, compromises the ability of OJP to adequately monitor and provide ongoing program oversight

## **Drawdowns**

Drawdown is a term used by OJP to describe when a recipient requests agreement funding for expenditures associated with an agreement program. The OJP Financial Guide establishes the methods by which DOJ makes payments to recipients. The methods and procedures for payment are designed to minimize the time between the transfer of funds by the government and the disbursement of funds by the recipient. Recipients may be paid in advance, provided they maintain procedures to minimize the time between the transfer of funds by the government and the disbursement of funds by the recipient. The guide recommends that advance drawdowns be expended immediately or within 10 days.

At the time of our field work, the Laboratory had drawn down a total of \$1,237,832. A Laboratory official told us that he did not believe the Laboratory requested any advances during the agreement period, but rather made drawdown requests on a reimbursement basis for actual expenditures incurred and paid by the Laboratory. This same official said the Laboratory's former project manager calculated the drawdowns and that the Laboratory did not retain any financial records to support the drawdowns, nor did the Laboratory have any documented procedures for completing drawdowns. The Laboratory officials could offer no reason why the financial records were not available to support the drawdown requests or why written drawdown procedures were not in place. In our judgment, the absence of supporting documentation greatly increases the risk of agreement funds being drawdown erroneously without actual agreement-funded expenditures to support the funding request. This risk is further increased because of a lack of documented procedures and a formalized process that also includes some level of periodic supervisory monitoring and oversight. Therefore, because Laboratory officials could not provide any financial records to indicate how they calculated disbursement requests, we concluded that adequate disbursement procedures were not in place. We further concluded that the Laboratory did not meet OJP's standard to ensure minimal time between the disbursement of funds and the expenditure of those funds.

## **Budget Management and Control**

The OJP Financial Guide addresses budget controls surrounding the financial management systems of recipients of agreements. According to the guide, recipients are permitted to make changes to their approved budgets to meet unanticipated program requirements. However, the

movement of funds between approved budget categories in excess of 10 percent of the total award must be approved in advance by OJP. In addition, the guide requires that all recipients establish and maintain an adequate system for accounting and internal controls.

Upon approval of the agreement award, OJP provided a letter to the Laboratory that contained the approved itemized budget for the agreement. OJP revised the budget at the time of the supplemental award in September 2005 and completed a final budget revision in a Grant Adjustment Notice dated October 2008. The current project manager told us that because the former project manager no longer worked at the Laboratory, he did not know how the Laboratory complied with OJP's budget management requirements and he could not provide any evidence to indicate how the Laboratory managed the agreement's budget or whether any written budget management procedures existed.

We compared the total expenditures by budget category from the agreement's summary financial records to the budget categories established by OJP's final budget revision. The results of our analysis are shown in the following chart.<sup>7</sup>

### **Laboratory Budget to Actual Expenditure Comparison**

<b>Cost Category</b>	<b>Award Budget</b>	<b>Actual Expenditures</b>	<b>Over (Under) Budget</b>
<b>Personnel</b>	\$28,208	\$46,010	\$17,802
<b>Travel</b>	13,605	14,227	622
<b>Equipment</b>	1,245,739	1,252,370	6,631
<b>Supplies</b>	16,763	28,525	11,761
<b>Contractual</b>	16,350	0	(16,350)
<b>Total</b>	<b>\$1,320,665</b>	<b>\$1,331,131</b>	<b>\$10,466</b>

Source: Office of Justice Programs and Laboratory Financial Records.

We determined the Laboratory's actual expenditures exceeded the total budgeted cost established by OJP by \$10,466. Each budgeted cost category's expenditures were well within the allowable 10 percent deviation of \$132,066. Officials told us the excess expenditures represented additional overtime they added to the project. However, because the

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<sup>7</sup> Because OJP's modified budget included the Laboratory's non-federal share of \$82,815 in the line items of the revised budget, we included it in our analysis.

Laboratory did not maintain detailed supporting financial records to demonstrate its management of the agreement's budget, we could not determine if the Laboratory's budget management practices were adequate. Laboratory officials could not explain why evidence of budget management and control was not present and attributed these deficiencies to the former project manager. In our judgment, when prudent and sound budget management policies and procedures are not employed, the risk of misspending is heightened and the achievement of agreement funded goals and objectives are potentially compromised.

### **Matching Costs**

The OJP Financial Guide states that funds provided for a match must be used to support Federally-funded projects, must be in addition to funds that would otherwise be made available for the project, and deviations from the project's guidelines must receive prior written approval from the awarding agency.

NIJ required the Laboratory to provide matching funds equal to \$82,815. The Laboratory's non-federal share budget included \$75,320 for two separate pieces of specialized laboratory equipment and \$7,500 for personnel overtime.<sup>8</sup>

We found that the Laboratory properly documented the personnel overtime expenditures and one piece of specialized equipment, valued at \$10,245, used to support the match. However, at the time of our field work, while the Laboratory had purchased a specialized piece of equipment for use as part of the match, Laboratory officials told us that the equipment was not used because of unresolved problems with its software, and the Laboratory now planned to auction the piece of equipment. Moreover, the Laboratory received the specialized equipment in July 2003, almost a full year before the start of the agreement. A Laboratory official provided us with a series of emails documenting problems with the equipment that began in July 2003. However, these same Laboratory officials were unable to document the extent to which the equipment was used during the life of the agreement as well as its value at the time the equipment was used as a match.

We asked a Laboratory official how the agreement's non-federal expenditures were monitored. The official told us that because the former project manager no longer worked at the Laboratory, he did not know how

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<sup>8</sup> We noted a \$5 difference between the application match total and the award match total. We considered this difference as immaterial.

the Laboratory tracked non-federal expenditures and he was not aware of any written procedures that addressed the issue. The official also said that the agreement did not track its non-federal expenditures in the county's accounting system. Moreover, the official said that the agreement's non-federal expenditures were not captured in the county's accounting system.

Because the Laboratory could not demonstrate that the matching contribution as represented by a piece of specialized equipment was used to make an operational contribution to the project, and because the matching funds (in-kind contribution) were made available prior to the start of the project and appear not to represent supplemental funding, we question as unallowable the \$65,075 acquisition cost of the piece of specialized equipment used in conjunction with the Laboratory match.

### **Accountable Property**

The OJP Financial Guide requires that accurate records for equipment be maintained and that a physical inventory of the equipment be accomplished at least every 2 years. The OJP Financial Guide states that awardees are required to be prudent in the acquisition and management of property acquired with federal funds. The guide also states that awardees must establish an effective system for property management.

Laboratory officials were unable to provide us with an inventory control listing detailing equipment purchased with agreement funds. Therefore, we selected a sample of 10 equipment items from the Laboratory's list of agreement expenditures that totaled \$1,145,216. We then used this sample to assess the Laboratory's internal control system for property management and to conduct a physical verification of property.

We found that the Laboratory affixed a county bar code label on each piece of equipment tested and, based on the coding system established by the county; we could identify each piece of equipment sampled as federally funded. However, Laboratory officials could not produce any records to confirm they conducted the required 2-year inventory of federally funded equipment. Because the Laboratory did not maintain an inventory control list and did not conduct the required inventory, we concluded the Laboratory did not meet accountable property standards and consider this an internal control deficiency. Laboratory officials offered no explanation as to why the control listing was not available or why the physical inventory was not performed. In our view, when equipment records are not maintained and physical inventories are not periodically completed, the risk of loss or theft greatly increases.

## **Compliance with Award Special Conditions**

Award special conditions are included in the terms and conditions for the award and are provided in award documentation. The special conditions may also include special provisions unique to the award. We reviewed the special conditions found in the award document for this agreement, and the accompanying adjustment notices.

The award document for this agreement included a requirement for the Laboratory to submit semi-annual progress reports for the life of the award. As discussed previously in the progress reporting section of this report, we confirmed that Laboratory officials submitted only five of the nine required progress reports to NIJ. Absent their failure to comply with the progress reporting requirements for the life of the award, we found that the Laboratory complied with the award's other special conditions.

## **Program Performance and Accomplishments**

The Laboratory received award funding totaling \$1,237,850 to improve the efficiency of the county's crime laboratory. The award documentation we reviewed included measureable program objectives, which established the anticipated enhancements that would be made to the Laboratory's capabilities as a result of receiving the award. However, we found that the Laboratory could provide only a limited amount of documentation describing the improvements made as a result of the award.

### *Initial Award*

In June 2004, the Laboratory received \$248,375 to expand LIMS, enhance capabilities in toxicology and DNA analysis, and decrease the backlog of controlled-substance cases. The Laboratory indicated in its application that a measurable outcome of the LIMS system would be a reduction in case backlog. To determine the effectiveness of the LIMS system, we measured the Laboratory's ability to reduce the number of backlogged DNA cases and toxicology cases, including both drug and alcohol related analyses.

We found the Laboratory's backlog in toxicology cases decreased from 2,405 in June 2004 to 341 in September 2005. The Laboratory increased the number marijuana related cases analyzed from 52 in 2005 to 349 in 2009, and increased the number of cocaine related cases analyzed from 0 in 2005 to 243 in 2009. However, the Laboratory did not provide any similar statistics related to changes in the number of DNA cases analyzed. As a

result, we could not determine if the agreement helped reduce the DNA backlog.

### *Supplemental Award*

In September 2005, the Laboratory received a supplemental award of \$989,475 to continue expanding LIMS and continue improving the Laboratory's effectiveness. The supplemental award included three objectives related to: (1) the performance of the Bullet Recovery System and Indoor Firing Range, (2) fume hoods installed to increase analysis capabilities, and (3) continuing the reduction in the Laboratory's backlog of toxicology cases. We tried to compare the Bullet Recovery System and Firing Range statistics to the Laboratory's baseline performance data, as well as compare the continued reduction of the toxicology cases after the completion of the initial award.

To evaluate the effectiveness of the Bullet Recovery System, we compared Laboratory statistics on the ballistics backlog at the time of the Laboratory's application to the time of our audit. The Laboratory's application stated its firearms section had a backlog of 2,100 cases and an 11-month delay in processing time. In response to our request for performance information about the firearms section, a Laboratory official provided an email indicating the backlog of firearms cases remained at 2,100 and the processing time for firearms cases remains unchanged at 11 months. While we found that the Bullet Recovery System did not meet the objective in the Laboratory's application, the manager of the firearms section said that the new Bullet Recovery System did improve working conditions for the Laboratory's staff.

We found the fume hoods were being used but Laboratory officials could not provide us with any documentation addressing the impact of the fume hoods on the Laboratory's analysis capabilities.

As noted earlier, the initial award resulted in a significant decrease in the backlog of toxicology cases through September 2005. However, during the period of the supplemental award (September 2005 through February 2007), the Laboratory's backlog of toxicology cases increased from 341 to 952.<sup>9</sup>

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<sup>9</sup> The Laboratory provided us with toxicology case data after the completion of our field work and the supporting data covered the period ending February 2007.

At the time of our field work, Laboratory officials could not provide the data required to demonstrate that the Laboratory met the objectives of the agreement.<sup>10</sup> Because some of the data we reviewed demonstrated achievement of several of the initial award's objectives, we believe there is adequate documentation to support the performance achieved for the initial award's costs. However, because the performance data supporting the supplemental award was more limited, and in most cases provided no support towards achieving the supplemental award's objectives, we questioned the full amount of the supplemental award or \$989,475 as unsupported. Laboratory officials offered no explanation as to why the data necessary to demonstrate accomplishment of award goals and objectives was not consistently captured and retained.

In summary, we could not determine if the award objectives were met because the Laboratory did not always collect specific data throughout the term of the award to track the performance of the award-funded programs. In our view, program performance must be assessed throughout the award term to help determine if funds are being used to meet program objectives and to make adjustments if necessary.

## **Conclusions**

We determined the Laboratory did not fully comply with award requirements in the areas we tested. We found weaknesses in the Laboratory's financial reporting and drawdown process, deficiencies in its budget management and control practices, and internal control shortcomings associated with its in-kind matching costs and accountable property management. As a result of the deficiencies, we question \$989,475 in unsupported expenditures and \$65,075 in unallowable expenditures. The total dollar-related finding of \$1,054,550 represents roughly 80 percent of all funding under the award.

We also determined the Laboratory progress reports did not adequately report on program objectives and the status of meeting stated goals. Finally, we concluded that the Laboratory did not always collect the appropriate performance data for the award funded programs that would have facilitated an evaluation of the funded program.

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<sup>10</sup> As noted earlier in the report, the Laboratory's progress reports should have included data supporting the program's performance but the data was either missing or incomplete.

## Recommendations

We recommend that OJP:

1. Ensure that the Laboratory establishes appropriate internal controls that include the design and implementation of procedures to assure that Financial Status Reports are completed accurately, supported by verifiable data, and filed quarterly on a timely basis.
2. Ensure that the Laboratory establishes appropriate internal controls that include the design and implementation of procedures to assure that progress reports are completed with full and accurate disclosure, supported by verifiable data, and filed on a timely basis in accordance with agreement specific requirements.
3. Ensure that the Laboratory establishes appropriate internal controls that include the design and implementation of procedures to assure drawdowns are calculated accurately and supported by verifiable financial records.
4. Ensure that the Laboratory establishes appropriate budget management internal controls that include the design and implementation of procedures to promote prudent and sound fiscal and programmatic budget management of the agreement.
5. Remedy \$65,075 in unallowable program matching costs for in-kind equipment.
6. Ensure that the Laboratory establishes appropriate internal controls for matching costs that include the design and implementation of procedures to address in-kind matching contribution valuation, cost validation, and usage monitoring.
7. Ensure that the Laboratory establishes appropriate internal controls for accountable property that include the design and implementation of procedures to assure compliance with property management requirements.
8. Remedy \$989,475 in unsupported supplemental award funding for lack of performance data to demonstrate the accomplishment of program goals and objectives.

9. Ensure that the Laboratory designs performance measures and collects data to demonstrate what the Laboratory is accomplishing with agreement funding and allows for a determination of whether the agreement objectives are achieved.

## OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of the audit was to determine whether reimbursements claimed for costs under the agreement were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the agreement, and to determine program performance and accomplishments. The objective of our audit was to review performance in the following areas: (1) internal controls, (2) agreement expenditures, (3) progress and financial reporting, (4) drawdowns, (5) budget management and control, (6) matching costs, (7) accountable property, (8) compliance with special conditions, and (9) program performance and accomplishments.

We conducted this performance audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We audited \$1,320,665 in Crime Laboratory Improvement Program funding awarded to Allegheny County. Our audit concentrated on, but was not limited to, the initial award of the agreement on September 8, 2004, through its administrative closeout on March 16, 2009.

We tested compliance with what we consider to be the most important conditions of the agreement. Unless otherwise stated in our report, the criteria we audited against are contained in the Office of Justice Programs Financial Guide and the award documents.

In conducting our audit, we tested the Laboratory's agreement activities in the following areas: agreement expenditures, progress and financial reporting, drawdowns, accountable property, monitoring contractors, budget management and control, compliance with award special conditions, and program performance and accomplishments. In addition, we reviewed the internal controls of the Laboratory's financial management system specific to the management of DOJ agreement funds during the agreement period under review. However, we did not test the reliability of the financial management system as a whole. We also performed limited tests of source documents to assess the accuracy and completeness of reimbursement requests and financial status reports. These tests were expanded when conditions warranted.

## SCHEDULE OF DOLLAR-RELATED FINDINGS

QUESTIONED COSTS:	AMOUNT	PAGE
Unallowable Matching Costs	\$65,075	13
Unsupported Program Objectives	989,475	16
<b>Total questioned costs:</b>	<b>\$1,054,550</b>	
<b>TOTAL DOLLAR-RELATED FINDINGS:</b>	<b>\$1,054,550</b>	

**Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements, or are not supported by adequate documentation at the time of the audit, or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

**ALLEGHENY COUNTY MEDICAL EXAMINER'S OFFICE RESPONSE  
TO THE DRAFT AUDIT REPORT**



**COUNTY OF ALLEGHENY**

**OFFICE OF THE MEDICAL EXAMINER**

1520 PENN AVENUE • PITTSBURGH, PENNSYLVANIA 15222  
PHONE (412) 350-4800 • FAX (412) 350-3861  
EMAIL Webmaster.me@county.allegheny.pa.us

**DAN ONORATO**  
CHIEF EXECUTIVE

**KARL E. WILLIAMS, M.D., M.P.H.**  
MEDICAL EXAMINER

**ABDULREZAK SHAKIR, M.D.**  
ASSOCIATE MEDICAL EXAMINER

**ROBERT HUSTON**  
DIRECTOR DIVISION OF LABORATORIES

August 5, 2010

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

Re: Draft Audit Report of grant 2004-LP-CX-K015

Dear Mr. Puerzer:

The following, including attached support documents, are in response to your draft audit report dated July 1, 2010 for the above referenced agreement number. This grant was awarded in September 2004 with a supplemental award in September 2005. The grant, in large part, supported Allegheny County's dedication to furnish a new \$23,000,000 Medical Examiner's Office. This new facility greatly enhanced the Forensic Laboratories capabilities, as recommended in the 2009 National Academy of Sciences report, and increased the square footage from 12,000 to over 40,000.

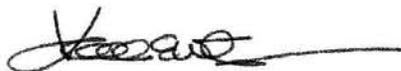
The new Medical Examiner's Office, Morgue and Forensic Laboratories project included renovations of 1520 Penn Avenue, was bid per Pennsylvania requirements, and resulted in 4 separate prime contracts. Nello Construction provided general construction activities which included installation of the laboratory fume hoods, casework, bullet recovery tank and indoor firing range. The bid amount was an aggregate sum, per customary procedures, and Nello provided a breakdown of the aggregate costs for purposes of processing monthly progress payments. Due to construction delays, the Medical Examiner's Office did not occupy the facility until July 2009.

As you can see from the attached documents, total expenditures for the specific items referenced in the grant were \$479,866.33 above than the grant award, including the County's commitment to local matching funds. (See recommendation and response to #5 in the Draft Audit Report Recommendations and Response section.)

Re: Draft Audit Report of grant 2004-LP-CX-K015  
Page 2

Please find attached additional relevant support documentation and the Medical Examiner's Office grant Standard Operating Procedure. Thank you for consideration to this audit response.

Sincerely,



Karl E. Williams, M.D., M.P.H.  
Medical Examiner



Robert Huston  
Laboratory Director

**AUDIT REPORT RECOMMENDATIONS AND RESPONSE:**

**1. Ensure that the Laboratory establishes appropriate internal controls that include the design and implementation of procedures to assure that Financial Status Reports are completed accurately, supported by verifiable data, and filed quarterly on a timely basis.**

In order to ensure timely financial reporting the Standard Operating Procedure (SOP) for grant management (attached) requires the appointment of a Financial Point of Contact (FPOC). The FPOC is charged with the financial reporting responsibility. All reporting requirement will be placed on a shared calendar reports. A Report File will be set up for each award that will require filing of report submission and confirmation of approval / rejection. A grant award committee will be establish and meet to discuss the Scope of Service, Measurable Goal and Objectives , Time Line for Grant Implementation an Reporting Dates.

The SOP establishes an Internal Audit procedure to be conducted to ensure reports have been file with the funder.

All awards will be set up in the County Controller's accounting system with a specially designated job that will permit tracing of expenditure and revenue related to the award. Fiscal report will be generated from the job established for each project.

**2. Ensure that the Laboratory establishes appropriate internal controls that include the design and implementation of procedures to assure that progress reports are completed with full and accurate disclosure, supported by verifiable data, and filed on a timely basis in accordance with agreement specific requirements.**

In order to ensure timely financial reporting the SOP requires the appointment of a Principal Investigator (PI). The PI will be responsible for submitting progress reports. A Report File will be set up for each award that will require report submission and confirmation of approval / rejection. Measurable Goal and Objects for the grant must be established in the development of the grant. Resources that need to be established to facilitate reporting will be indentified at that time.

The SOP establishes an Internal Audit procedure to be conducted to ensure reports have been file with the funder.

**3. Ensure that the Laboratory establishes appropriate internal controls that include the design and implementation of procedures to assure drawdowns are calculated accurately and supported by verifiable financial records.**

All expenditures related to this grant award were incurred prior to the draws. In the future, the Medical Examiner will improve procedures to draw funds immediately after expenditures have been incurred. The following represent the two draws and the dates they were received

<b>Date</b>	<b>Amount</b>	<b>Explanation -Remark-</b>
7/22/2005	248,375.00	NIJ CRIME LAB 2004 LP CXX015
2/6/2009	<u>989,457.00</u>	EQUIPMENT PURCHASED
	<u>1,237,832.00</u>	

**AUDIT REPORT RECOMMENDATIONS AND RESPONSE:**

**4. Ensure that the Laboratory establishes appropriate budget management internal controls that include the design and implementation of procedures to promote prudent and sound fiscal and programmatic budget management of the agreement.**

The Controller accounts for all grant awards as an independently elected official. Inherent in the County's Fiscal ERP system that is used by the Controller are budgetary controls that prohibit spending above a grant award amount. A unique project account is established for grant awards that permit clear and accurate reporting.

Additionally, Medical Examiner SOP establishes clear responsibilities and procedures to ensure budget management of a grant award.

**5. Remedy \$65,075 in unallowable program matching costs for in-kind equipment.**

A total of \$1,800,531.33 was incurred in eligible grant expenditures. Not only do these expenditures cover the matching cost requirement, the County incurred an additional \$479,866.33 in eligible expenditures. (See Exhibit A immediately following Audit Report Recommendation and Responses.)

**6. Ensure that the Laboratory establishes appropriate internal controls for matching costs that include the design and implementation of procedures to address in-kind matching contribution valuation, cost validation, and usage monitoring.**

See page 3 of the SOP, Grant Pre-Award section.

**7. Ensure that the Laboratory establishes appropriate internal controls for accountable property that include the design and implementation of procedures to assure compliance with property management requirements.**

See page 4 of SOP, Payout of Grant Funds and Inventory Control. In order to ensure the establishment of appropriate internal controls for accountable property the SOP requires that all purchases of equipment will comply with the County Purchasing Policy and the policy and procedures of the awarding agency. All purchases using grant funds will be inventory controlled and tracked per Allegheny County Inventory Control Policy as well as internal Medical Examiner Inventory Control Policy.

**8. Remedy \$989,475 in unsupported supplemental award funding for lack of performance data to demonstrate the accomplishment of program goals and objectives.**

The Bullet Recovery System as well as the Indoor Range were part of the new facility and were occupied in July 2009. Ballistics backlog had risen, from the application of the grant, to an average of 2951 cases in 2008. This number has dropped to an average of 1732 during 2010 as supported by the following, monthly 2010 Firearm cases.

**AUDIT REPORT RECOMMENDATIONS AND RESPONSE:**

**FIREARM CASES - 2010**

Jan-10	2067
Feb-10	1898
Mar-10	1787
Apr-10	1717
May-10	1694
Jun-10	1506
Jul-10	1453

Additionally, a concern has been raised that there was an increase in the backlog of toxicology cases through the period of the supplemental award (i.e. September 2005 through February 2007). The supplemental award period was extended until December of 2008, at which time the backlog has been reduced from 952 cases down to 233 cases.

**9. Ensure that the Laboratory designs performance measures and collects data to demonstrate what the Laboratory is accomplishing with agreement funding and allows for a determination of whether the agreement objectives are achieved.**

The SOP defines responsibilities and procedures which provide the framework for a strong system of internal control. Further, case backlog information will be reviewed on a timely basis in order to identify whether modifications to the SOP are necessary in order to minimize backlog in any area.

Further, the Medical Examiner will continue to expand the utilization of the Laboratory Information Management System, enhance Toxicology and DNA analytical capabilities, and will fully utilize the new, indoor Firing Range.

Also, Medical Examiner's Office has enrolled in the West Virginia University's College of Business and Economics' Foresight Project. The Foresight Project is a business approach to improving the efficiency of Forensic Science Services.

OFFICE OF JUSTICE PROGRAMS RESPONSE  
TO THE DRAFT AUDIT REPORT



**U.S. Department of Justice**

*Office of Justice Programs*

*Office of Audit, Assessment, and Management*

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*Washington, D.C. 20531*

August 13, 2010

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

FROM: */s/*  
Maureen A. Henneberg  
Director

SUBJECT: Response to the Draft Audit Report, *Office of Justice Programs, National Institute of Justice, Cooperative Agreement with the Alleghany County Medical Examiner's Office, Pittsburgh, Pennsylvania*

This memorandum is in response to your correspondence, dated July 1, 2010, transmitting the subject draft audit report for the Alleghany County Medical Examiner's Office (Laboratory). We consider the subject report resolved and request written acceptance of this action from your office.

The report contains nine recommendations and \$1,054,550 in questioned costs. The following is the Office of Justice Program's (OJP) analysis of the draft audit report. For ease of review, the draft audit report recommendations are restated in bold and are followed by OJP's response.

- 1. We recommend that OJP ensure that the Laboratory establishes appropriate internal controls that include the design and implementation of procedures to assure that Federal Financial Reports are completed accurately, supported by verifiable data, and filed quarterly on a timely basis.**

We agree with the recommendation. We will coordinate with the Laboratory to obtain a copy of the implemented procedures to ensure that appropriate internal controls are

established to ensure that future Federal Financial Reports are completed accurately, supported by verifiable data, and filed timely.

2. **We recommend that OJP ensure that the Laboratory establishes appropriate internal controls that include the design and implementation of procedures to assure that progress reports are completed with full and accurate disclosure, supported by verifiable data, and filed on a timely basis in accordance with agreement specific requirements.**

We agree with the recommendation. We will coordinate with the Laboratory to obtain a copy of implemented procedures to ensure that Laboratory establishes appropriate internal controls that include the design and implementation of procedures to ensure that progress reports are completed with full and accurate disclosure, supported by verifiable data, and filed on a timely basis in accordance with agreement specific requirements.

3. **We recommend that OJP ensure that the Laboratory establishes appropriate internal controls that include the design and implementation of procedures to assure drawdowns are calculated accurately and supported by verifiable financial records.**

We agree with the recommendation. We will coordinate with the Laboratory to obtain a copy of procedures developed and implemented to ensure drawdown requests of Federal funds are calculated accurately, and are supported by adequate documents.

4. **We recommend that OJP ensure that the Laboratory establishes appropriate budget management internal controls that include the design and implementation of procedures to promote prudent and sound fiscal and programmatic budget management of the agreement.**

We agree with the recommendation. We will coordinate with the Laboratory to obtain a copy of procedures developed and implemented to ensure that appropriate budget management internal controls are established, which include procedures to promote prudent and sound fiscal and programmatic budget management of the agreement.

5. **We recommend that OJP remedy \$65,075 in unallowable program matching costs for in-kind equipment.**

We agree with the recommendation. We will coordinate with the Laboratory to remedy the \$65,075 in unallowable program matching costs for in-kind equipment that were charged to grant number 2004-LP-CX-K015.

6. **We recommend that OJP ensure that the Laboratory establishes appropriate internal controls for matching costs that include the design and implementation of procedures to address in-kind matching contribution valuation, cost validation, and usage monitoring.**

We agree with the recommendation. We will coordinate with the Laboratory to obtain a copy of procedures developed and implemented to ensure appropriate internal controls for matching costs are established, which include procedures to address in-kind matching contribution valuation, cost validation, and usage monitoring.

- 7. We recommend that OJP ensure that the Laboratory establishes appropriate internal controls for accountable property that include the design and implementation of procedures to assure compliance with property management requirements.**

We agree with the recommendation. We will coordinate with the Laboratory to obtain a copy of a procedures developed and implemented to ensure that appropriate internal controls for accountable property are established, which include procedures to ensure compliance with property management requirements.

- 8. We recommend that OJP remedy \$989,475 in unsupported supplemental award funding for lack of performance data to demonstrate the accomplishment of program goals and objectives.**

We agree with the recommendation. We will coordinate with the Laboratory to remedy the \$989,475 in unsupported supplemental award funding for lack of performance data to demonstrate the accomplishment of program goals and objectives for grant number 2004-LP-CX-K015.

- 9. We recommend that OJP ensure that the Laboratory designs performance measures and collects data to demonstrate what the Laboratory is accomplishing with agreement funding and allows for a determination of whether the agreement objectives are achieved.**

We agree with the recommendation. We will coordinate with the Laboratory to obtain a copy of procedures developed and implemented to ensure that the Laboratory designs performance measures and collects data to demonstrate what the Laboratory is accomplishing with agreement funding, and allows for a determination of whether the agreement objectives are achieved.

We appreciate the opportunity to review and comment on the draft audit report. If you have any questions or require additional information, please contact Jeffery A. Haley, Deputy Director, Audit and Review Division, on (202) 616-2936.

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

Amanda LoCicero  
Budget Analyst  
Bureau of Justice Assistance

Tamaro White  
Program Manager  
Bureau of Justice Assistance

Richard P. Theis  
Assistant Director  
Audit Liaison Group  
Justice Management Division

OJP Executive Secretariat  
Control Number 20101326

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

We provided a copy of the draft report to the Allegheny County Medical Examiner's Office and the Office of Justice Programs (OJP) for review and comment. The Allegheny County's Medical Examiner's Office response is included as Appendix III of this report, and the OJP response is included as Appendix IV.

### Analysis of Laboratory and OJP Responses

In its response, the Laboratory agreed with all of our recommendations except for two. The Laboratory's response also included several exhibits and other documentation, which provided further information on the issues. We reviewed and considered the exhibits and other documentation in our analysis, but did not include them in the report. Specifically, the Laboratory requested the opportunity to provide alternative documentation to demonstrate that it incurred an additional \$479,866 in eligible expenditures to offset the \$65,075 in unallowable matching costs for in-kind equipment. The Laboratory also requested the opportunity to provide additional documentation to support \$989,475 in unsupported costs to demonstrate the accomplishment of program goals and objectives. As part of its response, the Laboratory provided information to demonstrate the reduction in its ballistics and toxicology case backlog. While we recognize the Laboratory's attempts to demonstrate that it could support its performance accomplishments and satisfy matching cost requirements, the information provided does not include sufficient supporting documentation to close any of our recommendations. Our report focuses on the Laboratory's inability to maintain the supporting documentation required for all OJP agreements and to strictly comply with the terms and conditions of the agreement we reviewed. Our report further questions the Laboratory's ability to readily demonstrate and provide verifiable data that would allow for a determination of whether the agreement objectives were achieved.

OJP agreed with all nine recommendations. We consider all nine recommendations resolved based on OJP's agreement. The status and actions necessary to close each recommendation, along with a discussion of the responses from Allegheny County and OJP, are provided below.

1. **Resolved.** In its response, the Laboratory said it developed a Standard Operating Procedure to ensure that Financial Status Reports are completed accurately, supported by verifiable data, and filed quarterly in a timely manner.

The OJP response agreed with our recommendation. This recommendation is resolved based on OJP's concurrence to ensure the Laboratory establishes adequate internal controls for financial status reporting. The recommendation can be closed when we receive documentation demonstrating that the Laboratory has developed and implemented procedures to ensure Financial Status Reports are completed accurately, supported by verifiable data, and filed timely.

2. **Resolved.** In its response, the Laboratory said it developed procedures to ensure that progress reports are completed with full and accurate disclosure, supported by verifiable data, and submitted in a timely manner.

The OJP response agreed with our recommendation. This recommendation is resolved based on OJP's concurrence to ensure the Laboratory establishes adequate internal controls for progress reporting. The recommendation can be closed when we receive documentation demonstrating that the Laboratory developed and implemented procedures to ensure Progress Reports are completed accurately, supported by verifiable data, and filed timely.

3. **Resolved.** In its response, the Laboratory acknowledged that it needs to improve its procedures in the drawdown of agreement funds.

The OJP response agreed with our recommendation. This recommendation is resolved based on OJP's concurrence and agreement to coordinate with the Laboratory to develop adequate procedures supporting the drawdown of federal funds. This recommendation can be closed when we receive documentation demonstrating that the Laboratory developed and implemented procedures to support the drawdown of federal funds.

4. **Resolved.** In its response, the Laboratory described the County's existing budget management process. However, at the time of our audit field work, Laboratory officials could not determine how they managed the agreement's budget. The Laboratory also said it has taken corrective action to develop budget management procedures to promote prudent and sound fiscal and programmatic budget management.

The OJP response agreed with our recommendation. This recommendation is resolved based on OJP's concurrence and agreement to work with the Laboratory to ensure it establishes appropriate budget management controls. This recommendation can be closed when we

receive documentation demonstrating that the Laboratory developed and implemented adequate budget controls.

5. **Resolved.** In its response, the Laboratory disagreed with our recommendation that it charged \$65,075 in unallowable program matching costs for in-kind equipment. The Laboratory acknowledged that the technical equipment applied to its matching cost requirement was either not used or sparingly used. The Laboratory provided additional documentation to demonstrate that it incurred an additional \$479,866 of in-kind matching expenditures. However, during the period the agreement was open the Laboratory never requested a change to its matching cost requirement as required by the terms and conditions of the award.

In its response, OJP agreed with our recommendation and said that it will coordinate with the Laboratory to remedy the \$65,075 in unallowable program matching costs for in-kind equipment.

This recommendation is resolved based on OJP's concurrence and agreement to coordinate with Laboratory to remedy the unallowable matching costs. This recommendation can be closed when we receive documentation demonstrating that OJP has remedied the \$65,075 in unallowable matching costs.

6. **Resolved.** In its response, the Laboratory said it had taken corrective action to ensure adequate matching cost internal controls are in place.

The OJP response agreed with our recommendation. This recommendation is resolved based on OJP's concurrence and agreement to coordinate with the Laboratory to ensure it establishes appropriate internal controls for matching costs. This recommendation can be closed when we receive documentation demonstrating that the Laboratory developed and implemented procedures to ensure appropriate internal controls for matching costs.

7. **Resolved.** In its response, the Laboratory said it had taken corrective action to ensure the establishment of appropriate internal controls for accountable property.

The OJP response agreed with our recommendation. This recommendation is resolved based on OJP's concurrence and agreement to coordinate with the Laboratory to ensure it establishes appropriate internal controls for accountable property. This recommendation can be

closed when we receive documentation demonstrating that the Laboratory established adequate internal controls.

8. **Resolved.** In its response, the Laboratory disagreed with our finding that it did not have performance data to demonstrate the accomplishment of program goals and objectives. Laboratory officials commented that they did not occupy the new laboratory until July 2009, and that the ballistics backlog had risen in 2008. The Laboratory's response also said it did not reduce the ballistics backlog until 2010, when the backlog went from 2,067 cases in January to 1,453 cases in July. By the Laboratory's own admission, the backlog reduction occurred in 2010, more than a year after the agreement-funded project period ended, and not during the period the agreement was open. Moreover, the Laboratory did not provide us sufficient documentation to support its assertion of a reduction in its ballistics backlog to 1,453 cases.

In its response, the Laboratory said it reduced the backlog of toxicology cases from 952 in September 2005 to 233 in December 2008. However, at the time of our field work the Laboratory's toxicology case backlog information only extended to February 2007. In addition, the Laboratory did not provide supporting documentation to demonstrate the reduction in its toxicology case backlog to 233 cases.

In its response, OJP agreed with our recommendation and said that it will coordinate with Allegheny County to remedy the \$989,475 in unsupported supplemental award funding for the lack of performance data to demonstrate the accomplishment of program goals.

This recommendation is resolved based on OJP's concurrence and agreement to coordinate with the Laboratory to remedy the unallowable expenditures. This recommendation can be closed when we receive documentation demonstrating that OJP has remedied the \$989,475 in unsupported expenditures.

9. **Resolved.** In its response, the Laboratory said it had established performance measures to support the achievement of the agreement's objectives and developed procedures to ensure a strong system of internal control.

The OJP response agreed with our recommendation. This recommendation is resolved based on OJP's concurrence and agreement to coordinate with the Laboratory to establish procedures that ensure the agreement's objectives are achieved. This recommendation can be closed when we receive documentation demonstrating that the Laboratory

developed and implemented procedures designed to ensure the agreement's objectives are achieved.