



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



**Audit of the Bureau of Justice
Assistance Sexual Assault Kit Initiative
Cooperative Agreement
Awarded to the
City of Memphis, Tennessee**

**AUDIT OF THE BUREAU OF JUSTICE ASSISTANCE
SEXUAL ASSAULT KIT INITIATIVE COOPERATIVE AGREEMENT
AWARDED TO
THE CITY OF MEMPHIS, TENNESSEE**

EXECUTIVE SUMMARY

The U.S. Department of Justice Office of the Inspector General completed an audit of a Sexual Assault Kit Initiative cooperative agreement awarded by the Office of Justice Programs, Bureau of Justice Assistance, to the City of Memphis, Memphis, Tennessee. The city was awarded \$1,909,124 under Cooperative Agreement Number 2015-AK-BX-K004 to support teams engaged in reform of approaches to sexual assault cases resulting from testing of previously unsubmitted sexual assault kits. The focus of this initiative is on kits that have never been submitted to a crime laboratory. As of September 14, 2016, the city had drawn down \$377,660 of the total funds awarded.

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

As a result of our audit testing, we concluded that the City of Memphis generally managed the award appropriately and demonstrated adequate progress towards achieving the award's stated goals and objectives. It shipped 1,028 sexual assault kits to laboratories for analysis, presented monthly updates to the city council, and conducted a summit for cities committed to clearing their backlogs and sharing best practices. Further, this audit did not identify significant concerns regarding the City of Memphis's award expenditures, its management of the award budget, drawdowns, or federal financial reports. However, we found that the city did not comply with essential award conditions related to award financial management. Specifically, the city did not follow its own policy regarding accountability for overtime worked by city staff.

Our report contains one recommendation to the Office of Justice Programs, which is detailed later in this report. Our audit objectives, scope, and methodology are discussed in Appendix 1. We discussed the results of our audit with City of Memphis officials and have included their comments in the report, as applicable. In addition, we requested a response to our draft audit report from the city and the Office of Justice Programs, and the responses are appended to this report.

**AUDIT OF THE BUREAU OF JUSTICE ASSISTANCE
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**AUDIT OF THE BUREAU OF JUSTICE ASSISTANCE
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The U.S. Department of Justice (DOJ) Office of the Inspector General completed an audit of the Sexual Assault Kit Initiative cooperative agreement awarded by the Office of Justice Programs (OJP), Bureau of Justice Assistance, to the City of Memphis, Memphis, Tennessee. The city was awarded one cooperative agreement totaling \$1,909,124, as shown in Table 1.

**Table 1
Cooperative Agreement Awarded to the City of Memphis**

Award Number	Award Date	Project Start Date	Project End Date	Award Amount
2015-AK-BX-K004	09/10/2015	10/01/2015	09/30/2018	\$1,909,124
Total:				\$1,909,124

Source: OJP's Grants Management System

Funding through the Sexual Assault Kit Initiative provides jurisdictions with:

- resources to address unsubmitted sexual assault kit backlogs, including support to inventory, test, and track sexual assault kits;
- resources to create and report performance metrics;
- access to necessary training to increase effectiveness in addressing the complex issues associated with these cases and to engage in multidisciplinary policy development, implementation, and coordination; and
- funding which allows jurisdictions to improve practices related to investigation, prosecution, and victim engagement and support in connection with evidence and cases resulting from the testing process.

The City of Memphis

The City of Memphis was awarded Sexual Assault Kit Initiative funds for its Police Department to support teams engaged in reform of approaches to sexual assault cases resulting from testing of previously unsubmitted sexual assault kits. In 2013, the Memphis Police Department reported an inventory of 12,374 sexual assault kits, tested and untested, stored in various Memphis locations. The auditee issued an Executive Order directing the Memphis Police Department to inventory all unsubmitted sexual assault kits, establish a plan to eliminate any backlog, and test every kit so any evidence obtained that linked to other crimes could be used in prosecution. The auditee also committed to procure all resources needed to fund the action plan.

Office of the Inspector General Audit Approach

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

We tested compliance with what we consider to be the most important conditions of the cooperative agreement. The OJP Financial Guide, DOJ Financial Guide, and the award documents contain the primary criteria we applied during the audit.¹

The results of our analysis are discussed in detail later in this report. Appendix 1 contains additional information on this audit's objectives, scope, and methodology.

Program Performance and Accomplishments

We reviewed required performance reports, the award solicitation, award documentation, and interviewed city officials to determine whether the City of Memphis demonstrated adequate achievement of the program goals and objectives. We also reviewed progress reports to determine if the required reports were accurate. Finally, we reviewed the city's compliance with the special conditions identified in the award documentation.

Program Goals and Objectives

The City of Memphis's planned award objectives were to test previously unsubmitted sexual assault kits, support and treat survivors associated with sexual assault, and ensure the necessary resources and staffing are available to investigate leads and build cases for prosecution. The city also planned to provide its Police Department with funding for overtime, equipment, and training necessary to expedite investigations. Lastly, the city planned to use funds for sexual assault education and prevention efforts, including quarterly public community meetings and victim access to case status information.

Based on our review, there were no indications that the City of Memphis was not adequately achieving the stated goals and objectives of the award.

¹ The 2014 OJP Financial Guide and the 2015 DOJ Grants Financial Guide applies to this cooperative agreement. We refer to these guides in the report as, "the Financial Guide."

Required Performance Reports

According to the award document, the funding recipient should ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation. We reviewed the only progress report required, as of June 30, 2016. The city reported that it shipped 1,028 sexual assault kits to laboratories for analysis, presented monthly updates to the city council, and conducted a summit for cities committed to clearing their backlogs and sharing best practices. We verified the reported performance to supporting documentation maintained by the city.

Based on our progress report testing, we did not identify any instances where the accomplishments described in the required reports did not match the supporting documentation.

Compliance with Special Conditions

Special conditions are the terms and conditions that are included with the award. We evaluated the special conditions for the award and selected a judgmental sample of the requirements that are significant to performance under the award and are not addressed in another section of this report. We evaluated whether the rate for the hired consultant exceeded the limit of \$650 per day. We also evaluated whether the City of Memphis completed its required untested sexual assault kit inventory and whether the inventory was certified. The award required a certified inventory before the city could obligate, expend or draw down more than 25 percent of the total eligible award amount. We verified the compliance with the sampled special conditions to support documentation maintained by the city.

Based on our sample, we did not identify any instances of the City of Memphis violating these additional special conditions we reviewed.

Cooperative Agreement Financial Management

According to the financial guide, all award recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded. To assess the City of Memphis's financial management of the cooperative agreement covered by this audit, we reviewed the city's Single Audit Report for 2015 to identify internal control weaknesses and significant non-compliance issues related to federal awards. We also conducted interviews with financial staff, examined policy and procedures, and inspected award documents to determine whether the city adequately safeguards the award funds we audited. Finally, we performed testing in the areas that were relevant for the management of this cooperative agreement, as discussed throughout this report.

The 2015 Single Audit noted that a Police Department employee embezzled money by submitting false payroll time records. The report stated that ineffective and inconsistent management oversight for overtime records and pay contributed

to the fraud. The report recommended that the Police Department implement appropriate policies and procedures to ensure consistent management oversight and weekly review of payroll exception reports. Subsequent to the 2015 Single Audit, the Police Department issued interim guidance for overtime accountability and documentation. The interim guidance required that timesheets and overtime tracking documentation be signed by the employee attesting to the overtime worked. In addition, managers and supervisors were required to place handwritten signatures on payroll documentation attesting to their approval and belief that the overtime reported was true and accurate. The interim guidance also required that the Police Department monitor compliance by sampling overtime transactions to ensure proper pre-approval, written signatures, overtime calculations, and adequate documentation.

We found that the implementation of the interim guidance was inadequate. The timesheets and overtime documentation design allowed employees to initial, rather than sign when attesting to the overtime worked. In addition, the documentation did not include an official attestation statement for managers and supervisors when providing their approval. Given the prior fraud involving overtime and the creation of guidance designed specifically to address the fraud, the Memphis Police Department should implement its policies as written. Absent proper implementation of the policies there is an increased risk of the fraud reoccurring. We recommend that the Office of Justice Programs ensure that the City of Memphis, specifically the Memphis Police Department, follows its signature and attestation requirements within its guidance for overtime accountability and documentation.

Cooperative Agreement Expenditures

For this award, the City of Memphis's approved budget included salary, benefits, travel, equipment, supplies, consultant fees, and contracts. At the time of our site visit in June 2016, the city had charged only \$19,871 to the award. The city also expended an additional \$13,731 in personnel costs that it intended to allocate to the award. We tested all expenditures, totaling \$33,603, including overtime, travel, equipment, and consultant fees.² We reviewed documentation, accounting records, and performed verification testing related to award expenditures.

We found that the City of Memphis could not support an immaterial amount (\$23) in overtime charges. This was because the city paid one Memphis Police Department employee for 2.5 hours in overtime, but could only support 2 hours worked. A Police Department official told us that there was a typing error that was not identified during a review of timesheets and the employee should have only been paid for 2 overtime hours. The city corrected the error and we do not question any costs or make a recommendation.

² The sum of the \$19,871 charged to the award and the \$13,731 in personnel cost was rounded to \$33,603.

Budget Management and Control

According to the financial guide, the recipient is responsible for establishing and maintaining an adequate accounting system, which includes the ability to compare actual expenditures or outlays with budgeted amounts for each award. Additionally, the award recipient must initiate a Grant Adjustment Notice for a budget modification that reallocates funds among budget categories if the proposed cumulative change is greater than 10 percent of the total award amount.

We compared award expenditures to the approved budgets to determine whether the City of Memphis transferred funds among budget categories in excess of 10 percent. We determined that the cumulative difference between category expenditures and approved budget category totals was not greater than 10 percent.

Drawdowns

According to the financial guide, an adequate accounting system should be established to maintain documentation to support all receipts of federal funds. If, at the end of the award, recipients have drawn down funds in excess of federal expenditures, unused funds must be returned to the awarding agency.

We did not assess whether the City of Memphis managed award receipts in accordance with federal requirements during our June 2016 site visit because at that time, the city had not drawn down any funds. The City of Memphis did not draw any funds until September 14, 2016, when it drew \$377,660. The city reported \$377,683 in expenses for the period of this draw. The \$23 difference is related to the unsupported overtime expense identified on page 4 of this report. We determined that the City of Memphis has an adequate accounting system to maintain documentation to support all receipts of federal funds.

Federal Financial Reports

According to the financial guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each federal financial report (FFR) as well as cumulative expenditures. To determine whether the City of Memphis submitted accurate FFRs, we compared the three most recent reports to the city's accounting records for the award.

The City of Memphis did not have any expenditures to report for the FFR periods ending December 31, 2015, and March 30, 2016. We found that the remaining FFR did not match the city's accounting records for the award. The city reported \$377,683 on the FFR for period ending June 30, 2016. The accounting records showed expenditures totaling \$440,624. City officials provided us with support that the \$62,941 difference resulted from an invoice that was paid with general funds and was subsequently charged to the award account. The city submitted a journal entry to repay the general fund prior to the quarter end, but the journal entry was not processed prior to preparation of the FFR. Based on the

information provided by city officials, we found this explanation reasonable and do not make a recommendation.

Conclusion

We conclude that the City of Memphis generally managed the award that we reviewed appropriately and demonstrated adequate progress towards achieving the award's stated goals and objectives. We did not identify significant issues regarding the city's award expenditures, its management of the award budget, drawdowns, or federal financial reports. However, we found that the city did not comply with essential award conditions related to award financial management. Specifically, the city did not adhere to its own policy for overtime accountability and documentation. We provide one recommendation to the Office of Justice Programs to address this deficiency.

Recommendation

We recommend that the Office of Justice Programs:

1. Ensure the City of Memphis follows its signature and attestation requirements within its guidance for overtime accountability and documentation.

APPENDIX 1

OBJECTIVES, SCOPE, AND METHODOLOGY

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

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

This was an audit of the Office of Justice Programs cooperative agreement awarded to the City of Memphis under the Sexual Assault Kit Initiative, Cooperative Agreement Number 2015-AK-BX-K004, in the amount of \$1,909,124. As of September 14, 2016, the city had drawn down \$377,660 of the total funds awarded. Our audit concentrated on, but was not limited to October 1, 2015, through October 5, 2016, the last day of our audit work.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of City of Memphis's activities related to the audited cooperative agreement. We performed audit testing for all award expenditures including overtime; analysis and shipping of sexual assault kits, equipment purchases, and travel at the time of our site visit. We also reviewed financial reports and progress reports. The OJP Financial Guide and 2015 DOJ Grants Financial Guide and the award documents contain the primary criteria we applied during the audit.

During our audit, we obtained information from the Office of Justice Programs Grants Management System, as well as the City of Memphis's accounting system specific to the management of DOJ funds during the audit period. We did not test the reliability of those systems as a whole, therefore any findings identified involving information from those systems was verified with documentation from other sources.

**CITY OF MEMPHIS
RESPONSE TO THE DRAFT AUDIT REPORT**



**JIM STRICKLAND
MAYOR**

TENNESSEE

November 1, 2016

Ferris B. Polk
Regional Audit Manager
Atlanta Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
75 Ted Turner Drive, SW, Suite 1130
Atlanta, Georgia 30303

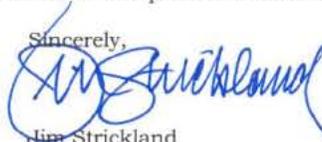
Dear Mr. Polk:

We are in receipt of the draft audit report of the Bureau of Justice Assistance Sexual Assault Kit Initiative Cooperative Agreement awarded to the City of Memphis, Tennessee. We understand the objectives of the audit and have fully cooperated with the Office of the Inspector General's representatives.

We concur with the single recommendation of the audit: Ensure the City of Memphis follows its signature and attestation requirements within its guidance for overtime accountability and documentation. The Memphis Police Department (MPD) will issue a memo to all employees with the written policy requirements for overtime signature and attestation requirements. The memo and policy will also be discussed at all MPD roll calls.

Please advise any other information we can provide to resolve this matter.

Sincerely,



Jim Strickland

cc: Chief Michael Rallings, Memphis Police Department
Linda Taylor, Lead Auditor, Office of Justice Programs

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

Washington, D.C. 20531

NOV 22 2016

MEMORANDUM TO: Ferris B. Polk
Regional Audit Manager
Atlanta Regional Audit Office
Office of the Inspector General

FROM: Ralph E. Maslin 
Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Bureau of Justice Assistance Sexual Assault Initiative Cooperative Agreement Awarded to the City of Memphis, Tennessee*

This memorandum is in reference to your correspondence, dated October 27, 2016, transmitting the above-referenced draft audit report for the City of Memphis (City). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains one recommendation and no questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendation. For ease of review, the recommendation directed to OJP is restated in bold and is followed by our response.

We recommend that OJP ensure the City of Memphis follow its signature and attestation requirements within its guidance for overtime accountability and documentation.

OJP agrees with this recommendation. We will coordinate with the City to obtain documentation demonstrating that the Memphis Police Department has revised its guidance on overtime accountability, to require that timesheets: are properly signed by the employee; and include an official attestation statement from managers and supervisors to certify their approval.

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

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

Anna Martinez
Senior Policy Advisor
Office of the Assistant Attorney General

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

Denise O'Donnell
Director
Bureau of Justice Assistance

Tracey Trautman
Deputy Director for Programs
Bureau of Justice Assistance

Eileen Garry
Deputy Director
Bureau of Justice Assistance

Pamela Cammarata
Chief of Staff
Bureau of Justice Assistance

Michael Bottner
Budget Director
Bureau of Justice Assistance

Amanda LoCicero
Budget Analyst
Bureau of Justice Assistance

Ludmila Hago
Grant Manager
Bureau of Justice Assistance

cc: Charles E. Moses
Deputy General Counsel

Silas V. Darden
Director
Office of Communications

Leigh A. Benda
Chief Financial Officer

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

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

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

Alex Rosario
Assistant Chief Financial Officer
Finance, Accounting, and Analysis Division
Office of the Chief Financial Officer

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

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

OJP Executive Secretariat
Control Number IT20161028113309

APPENDIX 4

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

The Office of the Inspector General (OIG) provided a draft of this audit report to the City of Memphis and the Office of Justice Program's (OJP). The City's response is incorporated in Appendix 2 of this final report and OJP's response is incorporated in Appendix 3 of this final report. In response to our draft audit report, OJP concurred with our recommendation, and as a result, the status of the audit report is resolved. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendation:

- 1. Ensure the City of Memphis follows its signature and attestation requirements within its guidance for overtime accountability and documentation.**

Resolved. In its response, OJP concurred with our recommendation. OJP stated that it will coordinate with the City of Memphis to obtain documentation demonstrating that the Memphis Police Department has revised its guidance on overtime accountability to require that timesheets are properly signed by the employee and supported by an official attestation statement from managers and supervisors to certify their approval.

In its response to the draft audit report, the City of Memphis concurred with our recommendation. The City of Memphis indicated that the Memphis Police Department will issue a memorandum to all employees with the written policy requirements for overtime signature and attestation requirements. In addition, the memorandum will be discussed at all police department roll calls.

This recommendation can be closed when we receive documentation that: (1) the Memphis Police Department has issued the memorandum with the written policy requirements for overtime signature and attestation requirements, (2) the memorandum has been discussed at police department roll calls, and (3) OJP has obtained any other documentation referenced in its response to the recommendation.

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