



Audit of the Office of Justice Programs
National Institute of Justice Research and
Development in Forensic Science for Criminal
Justice Purposes Initiative Grants Awarded to
Fredric Rieders Family Foundation, Horsham,
Pennsylvania



AUDIT DIVISION

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*Redactions were made to the full version of this report for privacy reasons.
The redactions are contained in Appendix 3, Fredric Rieders Family Foundation Response to the Draft Audit
Report, and are of an individual's name.*



EXECUTIVE SUMMARY

Audit of the Office of Justice Programs National Institute of Justice Research, Evaluation, and Development Project Grants Awarded to Fredric Rieders Family Foundation, Horsham, Pennsylvania

Objectives

The Office of Justice Programs (OJP) awarded the Fredric Rieders Family Foundation (FRFF) grants totaling \$3,425,676 related to the National Institute of Justice (NIJ) Research and Development in Forensic Science for Criminal Justice Purposes Initiative. The objectives of this audit were to determine whether costs claimed under these grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether the grantee demonstrated adequate progress towards achieving program goals and objectives.

Results in Brief

As a result of our audit, we concluded that FRFF achieved the goals and objectives related to the four audited grants that have been concluded and demonstrated adequate progress towards achieving the goals and objectives of the two ongoing grants we audited. However, we determined FRFF did not comply with essential award conditions related to grant financial management, drawdowns, federal financial reporting, budget management and control, and subrecipient monitoring. We also identified \$6,472 in unallowable indirect costs, \$29,380 in unallowable contractual costs, \$11,095 in unsupported salary costs, and \$86,928 in unsupported fringe benefit costs.

Recommendations

Our report contains six recommendations for OJP. We requested a response to our draft audit report from FRFF and OJP, which can be found in Appendices 3 and 4, respectively. Our analysis of those responses is included in Appendix 4.

Audit Results

The purpose of the six OJP awards we reviewed were to increase the body of knowledge to guide and inform forensic science policy and practice. The project periods for these awards ran from January 2019 through December 2027. Our audit focused on January 2019 through December 2023, during which FRFF drew down a cumulative amount of \$2,694,667 for these grants.

Program Goals and Accomplishments

Four of the grants we audited have been concluded and two grants remained ongoing at the time of our audit. We determined that FRFF adequately achieved the grant goals and objectives of the concluded grants and demonstrated adequate progress towards achieving the goals and objectives of its ongoing grants. We also determined related progress reports were accurate and supported.

Grant Financial Management

We found that FRFF's system for grant financial management did not result in an accurate accounting of award expenditures. Specifically, fringe benefits were recorded in the system using estimated values rather than actual costs, and indirect costs were miscalculated. As a result, we determined FRFF was also not in compliance with requirements related to managing drawdowns, preparing federal financial reports, and monitoring grant budgets.

Expenditures

We found FRFF used grant funding for unallowable costs, including \$6,472 in indirect costs and \$29,380 in contractual costs. Additionally, we identified that FRFF was not able to support \$11,095 in salary and \$86,928 in fringe benefit costs. Furthermore, we found that FRFF did not have adequate processes required for subrecipient monitoring or procurement and safeguarding equipment acquired with grant funding.

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Introduction

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of grants awarded by the Office of Justice Programs (OJP) under the National Institute of Justice (NIJ) Research and Development in Forensic Science for Criminal Justice Purposes Initiative to the Fredric Rieders Family Foundation (FRFF) in Horsham, Pennsylvania. Between September 2018 and September 2022, FRFF was awarded six grants totaling \$3,425,676, as shown in Table 1.

Table 1

Grants Awarded to FRFF

Grant Number	Program Office	Award Date	Project Period Start Date	Project Period End Date	Award Amount
2018-75-CX-0039	NIJ	09/27/2018	01/01/2019	12/31/2020	\$299,529
2019-DU-BX-0020	NIJ	09/13/2019	01/01/2020	12/31/2021	\$412,100
2020-DQ-BX-0007	NIJ	10/22/2020	01/01/2021	12/31/2024	\$755,401
2020-DQ-BX-0009	NIJ	10/22/2020	01/01/2021	12/31/2022	\$478,783
2020-DQ-BX-0015	NIJ	10/22/2020	01/01/2021	06/30/2023	\$501,115
15PNIJ-22-GG-04434-MUMU	NIJ	09/30/2022	01/01/2023	12/31/2027	\$978,748
Total:					\$3,425,676

Note: The end dates include any extensions granted as of December 2024.

Source: JustGrants

Funding through NIJ’s Research and Development in Forensic Science for Criminal Justice Purposes Initiative supports discrete, specified, and circumscribed projects that will increase the body of knowledge to guide and inform forensic science policy and practice.

The Grantee

FRFF is a non-profit, charitable organization that conducts forensic science research and provides education and training to high school and college-aged students beginning their scientific careers. According to its website, FRFF has approximately 22 staff members.

OIG Audit Approach

The objectives of this audit were to determine whether costs claimed under the awards were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant; and to determine whether the grantee demonstrated adequate progress towards achieving the program goals and objectives. To accomplish these objectives, we assessed performance in the following

areas of grant management: program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports.

We tested compliance with what we considered to be the most important conditions of the grants. The DOJ Grants Financial Guide; 2 C.F.R. § 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); and the award documents contain the primary criteria we applied during the audit.

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. The Schedule of Dollar-Related Findings appears in Appendix 2.

Audit Results

Program Performance and Accomplishments

To determine whether FRFF achieved the program goals and objectives of its concluded grants and demonstrated adequate progress towards achieving the goals and objectives of its ongoing grants, we examined program documents and interviewed responsible officials. We reviewed FRFF's performance reports, grant solicitations, and program narratives, and conducted interviews with representatives from both FRFF and OJP. Additionally, we reviewed the grants' progress reports to evaluate their accuracy using source documentation.

Program Goals and Objectives

FRFF received six awards from OJP related to policy and practice in the field of forensic science. For this audit, we judgmentally selected one program goal from each award and reviewed relevant supporting documentation prepared by FRFF including publications, technical summary reports, and scientific testing records. Table 2 presents the goals we selected for review by award.

Table 2

OJP Award Goals Reviewed

Grant Number	Project Title	Goal Selected for Review
2018-75-CX-0039	Development of a Comprehensive Workflow for Postmortem Insulin Testing in Cases of Suspected Insulin Homicide	Develop a reliable method to generate objective data on the administration of exogenous (not naturally occurring in the body) insulin in suspected criminal cases.
2019-DU-BX-0020	Identification of Anticoagulant Adulterants in Seized Material and Biological Samples	Develop a variety of reliable methods and workflows related to forensic casework that are suitable to the various capabilities and resources of crime and toxicology laboratories.
2020-DQ-BX-0007	Real-Time Sample-Mining and Data-Mining Approaches for the Discovery of Novel Psychoactive Substances (NPS)	Produce Sample-Mining results in the identification of new and emerging psychoactive substances.
2020-DQ-BX-0009	Assessment of the Contribution to Drug Impaired Driving from Emerging and Undertested Drugs	Increase awareness of less commonly tested-for-drugs, publishing methods for their confirmation and providing reference data to assist with impaired driving casework.

Table 2 (Continued)

Grant Number	Project Title	Goal Selected for Review
2020-DQ-BX-0015	Comparative Assessment of Emerging Technologies for Body Fluid Identification	Align research to focus on emerging techniques for body fluid identification.
15PNIJ-22-GG-04434-MUMU	Implementation of NPS Discovery – An Early Warning Systems for Novel Drug Intelligence, Surveillance, Monitoring, Response, and Forecasting using Drug Materials and Toxicology Populations in the U.S.	Study new synthetic drugs in forensic samples and share the testing methods and findings with those working in the field of forensic science.

Source: OJP Grant Award and Solicitation Packages

For the OJP grants that have concluded—grant numbers 2018-75-CX-0039, 2019-DU-BX-0020, 2020-DQ-BX-0009, and 2020-DQ-BX-0015—we determined that FRFF adequately achieved the reviewed goals. For the remaining grants still ongoing at the time of our fieldwork—grant numbers 2020-DQ-BX-0007 and 15PNIJ-22-GG-04434-MUMU—we determined that FRFF has made adequate progress towards achieving the goals we reviewed by developing five new methods to confirm and quantify novel psychoactive substances and identifying several new synthetic drugs and issuing reports on their emergence in the U.S. drug supply.

Required Performance Reports

According to the DOJ Grants Financial Guide, funding recipients should ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitations.

To verify the information in FRFF’s progress reports, we selected a judgmental sample of eight performance measures, including at least one from each grant, and traced the items to the supporting documentation maintained by FRFF.¹ 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.

Single Audit

Non-federal entities that receive federal financial assistance are required to comply with the *Single Audit Act of 1984*, as amended. The Single Audit Act provides for recipients of federal funding above a certain threshold to receive an annual audit (single audit) of their financial statements and federal expenditures.

¹ For grant numbers 2018-75-CX-0039 and 2019-DU-BX-0020, we reviewed progress reports for the period ending June 2022. For grant numbers 2020-DQ-BX-0007 and 2020-DQ-BX-0009, we reviewed progress reports for the period ending December 2022. For grant number 2020-DQ-BX-0015, we reviewed the progress report for the period ending June 2023. For grant 15PNIJ-22-GG-04434-MUMU, we reviewed the progress report for the period ending December 2023.

Under the Uniform Guidance, such entities that expend \$750,000 or more in federal funds within the entity's fiscal year must have a single audit performed annually covering all federal funds expended that year.

We reviewed FRFF's recent single audit reports to identify internal control weaknesses and significant non-compliance issues related to federal awards and found that the FY 2022 single audit included findings and recommendations that were relevant to our audit. The single audit findings included FRFF's inaccurate recording of certain grant-related transactions in its financial system, inadequate subrecipient monitoring, and missing supporting documentation for salary expenditures. In our audit, we identified similar findings, as well as others from our testing that included FYs 2019 through 2023. We discuss the FY 2022 single audit findings in the relevant sections of this report that follow.

Grant Financial Management

We found that FRFF's system for grant financial management, consisting of its automated general ledger accounting system supplemented by electronic spreadsheets, has not been effective at enabling FRFF to comply with requirements related to accounting and reporting for certain financial activity.

According to the DOJ Grants Financial Guide, all award recipients and subrecipients are required to establish and maintain an adequate grant financial management system that accurately tracks grant-related receipts and expenditures for each award. In addition, this system must effectively manage drawdowns, prepare accurate federal financial reports, and monitor actual costs against grant budgets.

As noted in the Single Audit section of this report, FRFF's single audit for FY 2022 identified grant-related transactions inaccurately recorded in its financial management system. Specifically, payments to subrecipients were recorded at estimated values instead of actual amounts and equipment expenditures were misclassified as supplies.

During our audit, we determined that FRFF had been incorrectly recording fringe benefits using estimated values, miscalculated indirect costs, and had misclassified contracting expenditures as supplies expenses in its grant financial management system. In addition to identifying inaccurate financial entries, we also determined that FRFF's grant financial management system did not produce accurate data for the purpose of making drawdowns or monitoring grant budgets. We worked with FRFF officials to suitably correct grant-related expenditure data for use in our testing. As necessary, we have provided additional information in the following sections of this report to explain the impact of the aforementioned financial management issues.

Since the initiation of this audit, FRFF has been responding to the recommendations in the single audit report for FY 2022, including implementing new accounting procedures to ensure all categories of expenditure data are accurately recorded in its grant financial management system. We have determined that these new procedures adequately address both the findings in the single audit and the issues we identified in FRFF's financial management and no additional recommendations are necessary.

Drawdowns

For the six audited awards, we reviewed FRFF’s drawdowns that occurred between January 2019 and January 2024, totaling \$2,694,667, as shown in Table 3.

Table 3

FRFF Drawdowns as of January 2024

Grant Number	Drawdowns	Award Amount
2018-75-CX-0039	\$299,529	\$299,529
2019-DU-BX-0020	\$412,100	\$412,100
2020-DQ-BX-0007	\$603,668	\$755,401
2020-DQ-BX-0009	\$478,783	\$478,783
2020-DQ-BX-0015	\$501,115	\$501,115
15PNIJ-22-GG-04434-MUMU	\$399,472	\$978,748
Total:	\$2,694,667	\$3,425,676

Source: JustGrants

According to the DOJ Grants Financial Guide, at the end of an award, if recipients have drawn down funds in excess of federal expenditures, unused funds must be returned to the awarding agency. Additionally, drawdown requests should be timed to ensure that federal cash on hand is the minimum needed for reimbursements to be made immediately or within 10 days.

We verified that across all six grants, FRFF recorded drawdowns properly in its accounting system. In addition, we determined it did not have any unused funds from the four grants that were completed. However, as explained in the Grant Financial Management section of this report, FRFF’s accounting system did not identify the actual expenses over the life of all six grants because fringe benefits were posted as estimates and indirect costs were incorrectly calculated. Therefore, we could not determine if FRFF was in compliance, throughout the life of the grants, with the requirement to ensure that federal cash on hand was the minimum needed for reimbursements to be made immediately or within 10 days.

As the Grant Financial Management section of this report explains in detail, since the initiation of this audit, FRFF has been responding to FY 2022 single audit report recommendations related to its accounting accuracy issues that we found impacted the drawdowns; no additional recommendations are necessary.

Federal Financial Reports

According to the DOJ Grants Financial Guide, recipients are required to submit accurate quarterly federal financial reports (FFRs) that include grant and indirect cost expenditures incurred during the reporting period.

FRFF officials informed us that when generating quarterly (FFRs), they relied on expenditures tracked in an electronic spreadsheet as part of its grant financial management system. The Grant Financial Management section of this report explains that certain expenditures were incorrectly recorded using estimated values and not actual costs. In addition, as will be discussed in the Indirect Costs section of this report, FRFF's indirect cost expenditures were incorrectly calculated. As a result, FRFF's quarterly FFRs were inaccurate as they did not represent actual grant-related direct and indirect cost expenditures.

As the Grant Financial Management section of this report explains in detail, since the initiation of this audit, FRFF has been responding to FY 2022 single audit report recommendations addressing the inaccuracy of its accounting transactions that we found impacted the financial reporting; no additional recommendations are necessary.

Budget Management and Control

The DOJ Grants Financial Guide requires grant recipients to initiate a Grant Award Modification (GAM) for proposed changes that affect a cost category that was not included in the original budget, transfers of any funding into or out of the indirect cost category, or when the proposed cumulative change among approved cost categories is greater than 10 percent of the total award.

We determined that FRFF's process for comparing actual expenditures with budgeted award amounts failed to prevent or detect expenditures that were not authorized by the award budget. As a result, FRFF used funding from grant numbers. 2020-DQ-BX-0007, 2020-DQ-BX-0015, and 15PNIJ-22-GG-04434-MUMU for contract expenditures even though they were not included in the grant budgets.² Additionally, FRFF transferred \$6,472 into the indirect costs above budget for Grant No. 2019-DU-BX-0020 without prior approval as required.

However, despite a lack of well-designed budget management and control procedures, we determined that FRFF complied with the 10-percent rule as there were no changes of its direct cost budget categories of 10 percent or more.

We believe FRFF's improvements to its accounting system and procedures to address recommendations from the single audit report for FY 2022, as discussed in the Grant Financial Management section of this report, will enable FRFF to effectively monitor grant budgets in the future.

We recommend that OJP remedy \$6,472 in unallowable indirect costs.

Grant Expenditures

For the FRFF grants we audited, OJP-approved budgets that included salary, fringe benefits, travel, equipment, supplies, subrecipients, other expenditures, and indirect costs, as summarized in Table 4.

² The results of our expenditure testing of these transactions are discussed in the Grant Expenditures section of this report.

Table 4

Summary of FRFF OJP-Approved Award Budgets

Grant Number	2018-75- CX-0039	2019-DU- BX-0020	2020-DQ- BX-0007	2020-DQ- BX-0009	2020-DQ- BX-0015	15PNIJ-22- GG-04434- MUMU	Cost Category Total
Salary	\$96,500	\$109,060	\$254,515	\$95,309	\$78,075	\$400,600	\$1,034,059
Fringe Benefits	\$22,196	\$23,662	\$52,561	\$21,922	\$17,959	\$76,038	\$214,338
Travel	\$2,819	\$8,403	\$21,188	\$14,355	\$4,312	\$20,190	\$71,267
Equipment	\$0	\$0	\$17,300	\$40,241	\$0	\$13,000	\$70,541
Supplies	\$91,940	\$46,664	\$124,035	\$102,218	\$30,149	\$109,294	\$504,300
Subrecipients	\$0	\$28,800	\$50,000	\$19,282	\$323,324	\$0	\$421,406
Other	\$6,334	\$116,022	\$75,800	\$96,758	\$754	\$147,968	\$443,636
Indirect Costs	\$79,740	\$79,489	\$160,002	\$88,698	\$46,542	\$211,658	\$666,129
Award Total:	\$299,529	\$412,100	\$755,401	\$478,783	\$501,115	\$978,748	\$3,425,676

Source: JustGrants

To determine whether costs charged to the grants were allowable, supported, and properly allocated in compliance with grant requirements, we tested transactions by reviewing the supporting documentation.³

Based on this testing, we determined that travel, supplies, and other costs were allowable, supported, and allocated in compliance with grant requirements. However, we found that FRFF did not comply with OJP’s guidelines for the procurement and safeguarding of equipment and made unallowable contract expenditures. In addition, FRFF miscalculated its indirect costs and claimed personnel expenditures that could not be supported.

We recommend that OJP remedy \$35,852 in unallowable indirect and contractual costs and \$98,023 in unsupported salary and fringe benefit costs. The following sections describe the results of our testing and provide details for the aforementioned questioned costs.

Equipment

While we found FRFF’s laboratory equipment expenditures totaling \$74,884, including four individual items each costing more than \$10,000, to be allowable and supported, we determined that FRFF did not have documented procurement policies and associated written standards of conduct required by Uniform Guidance and the DOJ Grants Financial Guide. Although FRFF did not have or follow formal procurement

³ Please refer to “APPENDIX 1: Objectives, Scope, and Methodology” for details on our sampling methodology.

procedures or standards of conduct, based on our testing we did not identify any indications that equipment costs were unreasonable or any vendor selections unfair.

We also found that FRFF did not have a property management system to safeguard equipment acquired with grant funding. The Uniform Guidance and the DOJ Grants Financial Guide require that if federal grant funds are used to acquire equipment that may have a useful life of more than 1 year and an acquisition cost of \$5,000 or greater, then the grantee must maintain a property management system to record elements such as a serial or identification number; description of the equipment; the source of funding for the equipment; who holds title; the acquisition date; cost of the equipment; the location, use, and condition of the equipment; and any ultimate disposition data. In addition to maintaining a property management system, grantees are required to take a physical inventory of their grant-funded equipment and reconcile the results with the property records every 2 years. Although FRFF did not have the equipment safeguarding and inventorying procedures as required, we did not identify any indications grant-funded equipment had been misappropriated or damaged.

We recommend that OJP ensure that FRFF develops and implements documented procurement procedures consistent with applicable OMB Uniform Guidance and DOJ Grants Financial Guide requirements. Additionally, we recommend that OJP ensure that FRFF implements a property management system in compliance with Uniform Guidance and DOJ Grants Financial Guide requirements, implements procedures to conduct a physical inventory of equipment, and reconciles the results with the property records at least once every 2 years.

Contractual

FRFF used grant funding totaling \$29,380 for contract expenditures supporting improvements to FRFF's computer system used to disseminate information about newly identified drugs and analyses. Although we determined these costs were supported, they were not allowable because they were not authorized by OJP in related grant budgets.

As discussed in the Grant Financial Management and Budget Management and Control sections of this report, FRFF misclassified certain expenditures as supplies in the accounting system and did not have an effective process for preventing or detecting expenditures made outside the approved cost categories in its grant budgets. Officials told us the misclassification was due to misinterpretation of the cost category definitions in the grant budgets.

OJP requires that an award recipient initiate a Grant Award Modification (GAM) if it charges funds to a cost category that was not included in the original budget. As previously indicated in Table 4, contract costs were not approved by OJP in any of the original six grant budgets and FRFF did not submit a GAM to request approval to use grant funds for contract purchases, therefore all costs claimed as contract expenditures were unallowable. Therefore, we recommend that OJP remedy \$29,380 in unallowable contract expenditures.⁴

⁴ This is the sum of unallowable contract expenditures related to three grants: grant number 2020-DQ-BX-0007 - \$23,280, grant number. 2020-DQ-BX-0015 - \$5,530, and grant number 15PNIJ-22-GG-04434-MUMU - \$570.

Indirect Costs

Although FRFF’s grant-related indirect costs were allowable and supported on a cumulative basis, FRFF did not have adequate procedures to ensure the accurate calculation of indirect costs.

Indirect costs are costs of an organization that are not readily assignable to a particular project but are necessary to the operation of the organization and the performance of the project. FRFF was approved for a series of indirect cost rates ranging from 34 to 39 percent applicable to fiscal years 2019 through 2023. According to the agreements, FRFF should have applied the rates to a cost base consisting of salaries, fringe benefits, supplies, travel, and up to the first \$25,000 of each subaward.

As discussed in the Grant Financial Management section of this report, FRFF’s indirect cost charges were miscalculated. This occurred because FRFF did not use the correct rates and base amounts over the life of the grants. Specifically, we found that FRFF consistently applied the indirect cost rates stated in the original grant budgets, but did not use the successive indirect cost rate agreements as approved by OJP. We also found FRFF did not identify the correct indirect cost base due to the use of estimates for fringe benefit charges and because it did not include the first \$25,000 of each subaward.

We worked with FRFF to recalculate and test the indirect costs using the correct rates and base amounts for each grant. Table 5 below demonstrates the differences between these re-calculated amounts and the amount FRFF charged.

Table 5
Indirect Cost Analysis (2019-2023)

Grant Number	FRFF Calculation	Corrected Amount	Over (Under) Charge
2018-75-CX-0039	\$79,740	\$77,220	\$2,520
2019-DU-BX-0020	\$85,961	\$78,971	\$6,990
2020-DQ-BX-0007	\$132,699	\$136,043	(\$3,344)
2020-DQ-BX-0009	\$84,642	\$87,077	(\$2,435)
2020-DQ-BX-0015	\$46,540	\$52,729	(\$6,189)
15PNIJ-22-GG-04434-MUMU	\$84,791	\$88,693	(\$3,902)
Total:	\$514,373	\$520,733	(\$6,361)^a

^a Difference in the amount is due to rounding.

Source: OIG Analysis

As indicated in the table above, even though FRFF incorrectly calculated indirect costs, it did not overcharge the six grants on a cumulative basis. Therefore, we do not question costs associated with this finding. In addition, we believe that the procedural improvements FRFF has taken as a result of the findings in the single audit report, as discussed in the Grant Financial Management section of this report, will enable FRFF to effectively calculate indirect costs in the future.

Salary and Fringe Benefits

As referenced in the Single Audit section of this report, the FY 2022 single audit identified unsupported salary expenditures that resulted in a recommendation to ensure proper documentation is retained to support future salary charges to federal awards. We selected a judgmental sample covering fiscal years 2019 through 2023 totaling \$80,050 and representing 11 percent of total salary expenditures and found that FRFF did not have supporting documentation for costs totaling \$11,095. Specifically, although FRFF's internal policy requires employees to complete time and effort reports to support their personnel costs, FRFF could not provide this documentation for all transactions in our sample. We recommend that OJP remedy \$11,095 in unsupported salary costs.⁵

In addition, as previously mentioned, FRFF incorrectly recorded its fringe benefit expenses in its grant financial management system because it calculated these costs using estimated rates rather than actual amounts. After reviewing the use of estimates to calculate fringe benefits costs with FRFF officials, FRFF provided us with partial support based on payroll taxes that addressed a portion of the fringe benefit charges. The following table identifies, by grant, the estimated fringe benefit costs as recorded in the FRFF accounting records, the amount FRFF was able to support using payroll tax-related documents, and the remaining unsupported fringe benefits costs for the six grants, which totaled a combined \$86,928.

Table 6
Fringe Benefits Cost Analysis (2019-2023)

Grant Number	Recorded Estimates	Actual Supported Amount	Unsupported
2018-75-CX-0039	\$14,710	\$3,642	\$11,068
2019-DU-BX-0020	\$28,532	\$5,888	\$22,644
2020-DQ-BX-0007	\$39,360	\$17,086	\$22,274
2020-DQ-BX-0009	\$21,921	\$9,869	\$12,052
2020-DQ-BX-0015	\$11,908	\$4,952	\$6,957
15PNIJ-22-GG-04434-MUMU	\$22,078	\$10,145	\$11,933
Total:	\$138,510	\$51,582	\$86,928^a

^a Difference in the amount is due to rounding

Source: FRFF Accounting Records and OIG Analysis

We recommend that OJP work with FRFF to remedy \$86,928 in unsupported fringe benefit costs charged to the awards. As the similar single audit recommendation to improve salary-related documentation procedures has been addressed by FRFF since the initiation of this audit, we believe the procedural developments are sufficient and are not issuing another related management improvement recommendation.

⁵ This is the sum of unsupported salary costs related to two grants: grant number 2018-75-CX-0039 - \$4,903 and grant number 2019-DU-BX-0020 - \$6,192

Subrecipient Monitoring

We found that FRFF did not conduct risk assessments to design subrecipient monitoring plans and did not review subrecipient single audit reports as required by the DOJ Grants Financial Guide.

As referenced earlier in the Single Audit section of this report, we learned from FRFF's FY 2022 single audit that it did not have written procedures for subrecipient monitoring and had not been collecting financial and performance reports from its subrecipients. As a result of our audit, we identified additional concerns with FRFF's subrecipient monitoring including a lack of risk assessments to design monitoring plans and failure to review subrecipient audits.

To accomplish the goals of grant number 2020-DQ-BX-0015 related to serology, FRFF used \$351,795 in grant funding for three subrecipients to pay for staff salaries, fringe benefits, travel, supplies, and indirect costs. Given the subrecipient monitoring finding in FRFF's single audit report, we tested 100 percent of these expenditures and determined they were adequately supported.

In response to the FY 2022 single audit Report, FRFF and OJP have taken corrective action to improve FRFF's subrecipient monitoring policies. These policies were comprehensive in scope and extended beyond the single audit findings to anticipate and address the issues we identified. As a result of FRFF's new written policies and procedures, it was not necessary for us to issue another recommendation in this report.

Conclusion and Recommendations

We determined that FRFF demonstrated adequate achievement of grant goals and objectives for its four completed awards and adequate progress towards achieving the goals and objectives of its two ongoing awards. However, we found that FRFF did not comply with essential award conditions related to financial management, drawdowns, federal financial reporting, budget management and control, and subrecipient monitoring. We also identified \$6,472 in unallowable indirect costs, \$29,380 in unallowable contractual costs, \$11,095 in unsupported salary costs, and \$86,928 in unsupported fringe benefit costs. We provide six recommendations to OJP to address these deficiencies and remedy \$133,875 in questioned costs.

We recommend that OJP:

1. Remedy \$6,472 in unallowable questioned costs related to indirect costs.
2. Ensure that FRFF develops and implements documented procurement procedures consistent with applicable OMB Uniform Guidance and DOJ Grants Financial Guide requirements.
3. Ensure that FRFF implements a property management system in compliance with Uniform Guidance and DOJ Grants Financial Guide requirements and implements procedures to conduct a physical inventory of the equipment and reconcile the results with the property records at least once every 2 years.
4. Remedy \$29,380 in unallowable questioned costs related to contract expenditures.
5. Remedy \$11,095 in unsupported questioned costs related to salary costs.
6. Remedy \$86,928 in unsupported questioned costs related to fringe benefit costs charged to the awards.

APPENDIX 1: Objectives, Scope, and Methodology

Objectives

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

Scope and Methodology

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 OJP grants awarded to the Fredric Rieders Family Foundation (FRFF) under the National Institute of Justice Program Research and Development in Forensic Science for Criminal Justice Purposes Initiative. OJP awarded six grants totaling \$3,425,676, and as of January 18, 2024, FRFF had drawn down \$2,694,667 of the total grant funds awarded. Our audit concentrated on, but was not limited to, the period of January 2019 through December 2023. At the time of our audit, four of the six awards, grant numbers 2018-75-CX-0039, 2019-DU-BX-0020, 2020-DQ-BX-0009, and 2020-DQ-BX-0015 were complete and grant numbers 2020-DQ-BX-0007 and 15PNIJ-22-GG-04434-MUMU were still ongoing.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of FRFF's activities related to the audited grants. We performed sample-based audit testing for salary, travel, supplies, and other expenditures, and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed as follows:

- Salary: Tested \$80,050 of \$703,219
- Travel: Tested \$24,020 of \$62,606
- Supplies: Tested \$38,439 of \$466,883
- Other Expenditures: Tested \$32,103 of \$348,282
- Progress Reports: Tested 6 of 30 reports

This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The DOJ Grants Financial Guide; 2 C.F.R. § 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; and the award documents contain the primary criteria we applied during the audit.

During our audit, we obtained information from the DOJ JustGrants system as well as FRFF's financial records 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 were verified with documentation from other sources. We determined that FRFF's methods for tracking all expenditures was insufficient and we have addressed this issue in the report.

Internal Controls

In this audit, we performed testing of internal controls significant within the context of our audit objectives. We did not evaluate the internal controls of FRFF to provide assurance on its internal control structure as a whole. FRFF management is responsible for the establishment and maintenance of internal controls in accordance with 2 C.F.R. § 200. Because we do not express an opinion on FRFF's internal control structure as a whole, we offer this statement solely for the information and use of the FRFF and OJP.

We assessed FRFF management's design, implementation, and operating effectiveness of these internal controls and identified deficiencies that we believe could affect FRFF's ability to effectively operate, comply with laws and regulations, and correctly state financial and performance information. The internal control deficiencies we found are discussed in the Audit Results section of this report. However, because our review was limited to those internal control components and underlying principles that we found significant to the objectives of this audit, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

APPENDIX 2: Schedule of Dollar-Related Findings

Description	Grant No.	Amount	Page
Questioned Costs:			
Indirect Cost over Budget	2019-DU-BX-0020	\$6,472	7
Contractual Costs not approved in Budget	2020-DQ-BX-0007	\$23,280	9
Contractual Costs not approved in Budget	2020-DQ-BX-0015	\$5,530	9
Contractual Costs not approved in Budget	15PNIJ-22-GG-04434-MUMU	\$570	9
Unallowable Costs Subtotal		\$35,852	
Unsupported Salary Costs	2018-75-CX-0039	\$4,903	11
Unsupported Salary Costs	2019-DU-BX-0020	\$6,192	11
Unsupported Fringe Benefit Costs	2018-75-CX-0039	\$11,068	11
Unsupported Fringe Benefit Costs	2019-DU-BX-0020	\$22,644	11
Unsupported Fringe Benefit Costs	2020-DQ-BX-0007	\$22,274	11
Unsupported Fringe Benefit Costs	2020-DQ-BX-0009	\$12,052	11
Unsupported Fringe Benefit Costs	2020-DQ-BX-0015	\$6,957	11
Unsupported Fringe Benefit Costs	15PNIJ-22-GG-04434-MUMU	\$11,933	11
Unsupported Costs Subtotal		\$98,023	
Total Questioned Costs		\$133,875	
TOTAL DOLLAR-RELATED FINDINGS		<u>\$133,875</u>	

APPENDIX 3: Fredric Rieders Family Foundation Response to the Draft Audit Report



RE: Draft Audit Report of the Office of Justice Programs National Institute of Justice Research, Evaluation, and Development Project Grants Awarded to Fredric Rieders Family Foundation

Prepared by: M.J. Menendez, Executive Director
Christopher Haydon, Business Manager

Date Tendered: February 21, 2025

My name is M.J. Menendez. I am the Executive Director of the Fredric Rieders Family Foundation (FRFF) which does business as The Center for Forensic Science Research and Education (CFSRE). I am a former Assistant U.S. Attorney (13 years), state court judge (2 years, 9 months), and state court district attorney (10 years). Please allow me to tell you about FRFF/CFSRE, as I think it is vital that the reviewer understand the essence of the Foundation and our work.

On Page One of the audit, the following statement is used to describe FRFF/CFSRE.

“FRFF is a non-profit, charitable organization that conducts forensic science research and provides education and training to high school and college-aged students beginning their scientific careers. According to its website, FRFF has approximately 22 staff members.”

The FRFF/CFSRE is so much more—please allow me to explain. The FRFF/CFSRE, is an operational non-profit, which means all our funding is dependent on grants, work agreements, partnerships, donations from a collaborating for-profit entity, and the largesse of Board Members Dr. Michael and Dr. Eric Rieders (whose father Dr. Fredric Rieders established the Foundation). FRFF/CFSRE is recognized worldwide as a leader in the disciplines of forensic toxicology and chemistry. It is particularly well-known for its rapid, accurate identification of novel psychoactive substances like novel fentanyl compounds and the even more deadly nitazenes. In addition to performing cutting edge research, FRFF/CFSRE scientists and e-learning personnel train practicing forensic pathologists, clinicians, toxicologists, law enforcement professionals, chemists, and professionals from many other disciplines. FRFF/CFSRE’s D2L learning platform provides training to tens of thousands of practitioners and students throughout the world. FRFF/CFSRE hosts two Master’s Programs: one with Arcadia University in Glenside, PA and one with Thomas Jefferson University in Philadelphia, PA. Our program is unique in providing access and opportunity for Arcadia and TJU Masters students to use state-of-the-art instrumentation, worth millions of dollars, and we have produced scientists that lead the nation and the world in publications, teaching, and the practice of leading scientific principles.

206 Welsh Road | Horsham | PA | 19044

The audit is correct in stating that FRFF/CFSRE values STEM tremendously, which is demonstrated by FRFF/CFSRE's provision of free, financially supplemented hands-on scientific training for twelve summer interns to learn under our internationally renowned scientists in our state-of-the-art facility. FRFF/CFSRE also hosts sixteen undergraduate students in summer externships that introduce students to forensic disciplines. Our high school and undergraduate summer programs also feature ethics, mock trials, and public speaking training components to well prepare young professionals for the global duties of a forensic professional.

The FRFF/CFSRE is not only a teaching institution, but it is a premier research institution which is most grateful for its DOJ/NIJ funding. FRFF/CFSRE's NPS Discovery, which is funded by the National Institute of Justice (NIJ), is regarded as the world's Drug Early Warning System. The novel substances identified at FRFF/CFSRE are used by the World Health Organization, the United Nations Office of Drugs and Crime, and the White House's Office of Drug Control Policy to produce publications and set policy. Our scientific information is cited by the Drug Enforcement Administration in its emergency scheduling orders for drugs of abuse that are emerging on the streets of the United States and killing people.

In addition to the work cited above, FRFF/CFSRE works with forensic pathologists, prison officials, medical clinicians and toxicologists to perform the most progressive and accurate testing available in the world, but also to transform data into information for public health and public safety to assist with lifesaving and life-changing public health and public safety responses.

This background is provided for two reasons. First, the scope, breadth and depth of our work needs to be understood and weighed against our staff of twenty-two full-time employees, one Senior Scientist providing volunteer services at a rate of approximately twenty-five hours a week, one Business Manager and one Administrative Staff member. Second, FRFF/CFSRE has grown five-fold over the past five years, with much of its growth attributable to demand from governmental and scientific communities for FRFF's/CFSRE's leadership and insights into the opioid/fentanyl/polydrug poisoning epidemic. The rapid growth in scientific excellence and production admittedly outpaced the growth in our financial systems, which we now clearly understand.

On behalf of FRFF/CFSRE as its Executive Director, I, M.J. Menendez, stipulate that various practices were out of technical compliance. I also attest, however, that FRFF/CFSRE has never had an audit that suggested a single hint of waste, fraud or abuse, and indeed, even the audit to which we are responding states that we have well-used our funding to produce valuable results. The audit performed by [REDACTED] and his team also accurately identifies the many improvements in processes, procedures, and financial controls that FRFF/CFSRE has implemented since the Single Audit and the OAAM audit which will help ensure future compliance.

As I write this FRFF/CFSRE response, I will advise that our financial bottom line has literally been crippled by the Executive Orders of January and February 2025. While FRFF/CFSRE will acknowledge, explain, and respond to the findings in the audit, we will work stridently, cooperatively, and hopefully to resolve the audit without repaying funds at this critical juncture in history.

Structure of Response Per Review of the Office of Justice Programs' Corrective Actions to Address Dollar-Related Audit Recommendations:

FRFF/CFSRE has researched Department of Justice financial guides to determine appropriate remedies that may be proposed for audit resolution. Per the DOJ financial guidance documents, remedies can include:

1. **Adjusted approved**—This category includes costs that OJP management has retroactively approved. This remedy is generally applied by OJP to costs that were determined by the OIG to be unallowable at the time of the audit.
2. **Adjusted supported**—This category includes costs that were not adequately supported at the time of the OIG audit, but that OJP subsequently determined were “supported” as a result of the grant recipient providing adequate documents evidencing that costs were appropriate.
3. **Compromised**—Costs that were questioned by OIG’s audit, but that OJP will not seek to collect due to court judgment, settlement, or other appropriate agreements.
4. **Offsets**—Costs that OJP management decides to offset against future federal funds to be provided to the grant recipient.
5. **Recovered or returned**—Costs that OJP has actually recovered. This also includes amounts that were repaid to the government as a result of court actions, settlements, etc.
6. **Saved**—Funds that OJP management did not spend or apply to a different use because of the OIG’s audit recommendation, such as deobligating funds that were recommended to be put to better use.
7. **Waived**—Costs that OJP management has forgiven, including costs terminated or suspended in accordance with federal regulations.

See DOJ Order 2900.61, Audit Follow-Up and Resolution and OMB Circular A-50, Audit Follow-Up

FRFF/CFSRE Responses to Questioned Costs:

Audit Report Findings:

A. Page 7 - Budget Management and Control; Remedy \$6,472 in unallowable indirect costs.

The Audit Report states: “We determined FRFF used funding from Grant No. 202-DQ-BX-0007, 2020-DQ-BX-0015, and 15PNJ-22-GC-04434-MUMU for contract expenditures that weren’t in the budgets. Additionally, FRFF transferred \$6,472 into the indirect costs above budget for Grant No. 2019-DU-BX-0020 without prior approval.”

The report goes on to say that “despite lack of a well-designed budget management and control procedures, we determined that FRFF complied with the 10% rule as there were no changes of its direct cost budget categories of 10% or more.” The report continues, “We believe FRFF’s improvements to its accounting system and procedures to address recommendations from the Single Audit Report for FY 2022...will enable FRFF to effectively monitor grant budgets in the future.”

FRFF/CFSRE Response – Admitted

FRFF/CFSRE Requested Remedy - ADJUSTED APPROVED

Reference:

- **Addendum 1: Grant budget vs actual expenditures (2019-DU-BX-0020)**
- **Addendum 2: Subsequent GAM to address indirect cost findings**

The DOJ Financial Guide notes, “Transferring funds into or out of the indirect cost category requires budget review and may require modifications of the approved budget.” FRFF/CFSRE submitted a budget Grant Award Modification (GAM) for award 2019-DU-BX-0020, and the GAM was approved. The total amount of funds moved to the indirect cost category, however, was not sufficient to meet the total indirect funds costs expended by the end of the award. Principal Investigator Mandi Mohr owns making this error, and she apologizes for the mistake. The fact remains, however, that the indirect costs applied for this award abide by allowable indirect cost guidance per the DOJ Financial Guide. No unallowable funds were drawn down and FRFF/CFSRE was able to account for all funds and demonstrate proper usage of the funds toward successful completion of the grant’s mission. As Auditor [REDACTED] stated, “Despite lack of a well-designed budget management and control procedures, we determined that FRFF complied with the 10% rule as there were no changes of its direct cost budget categories of 10% or more.” Mr. [REDACTED] also found that FRFF/CFSRE “has sufficiently improved accounting procedures, processes and internal controls to effectively manage grant budgets in the future”.

FRFF/CFSRE offers the following summary justifications for the manual GAM presented in Addendum 2. December 31, 2020, was Dr. Tais Fiorentin's last day at FRFF/CFSRE as a full-time employee. As a result, funds were previously reallocated to potentially retain Dr. Fiorentin as a consultant. However, FRFF/CFSRE made an informed decision to utilize current staff to complete the grant work. As a result, the GAM reallocates funds back into the Personnel and Fringe categories. Additionally, in completing grant objectives, FRFF/CFSRE spent more on laboratory supplies and materials than originally budgeted. Meanwhile, instrument run times which were accounted for in the "Other" budget category were less than budgeted. Indirect costs are calculated on direct expenses such as laboratory supplies and materials but not for instrument run time. As a result of the differences in actual versus budgeted expenditures, there was an increase in indirect costs which resulted in the \$6,472 finding even though all differences fell within the 10% threshold. Further justification can be provided as needed.

FRFF/CFSRE utilized funds appropriately and consistently with the grant budget and mission. Auditor [REDACTED] finding that FRFF/CFSRE has made significant material corrections to its financial and accounting systems demonstrates that FRFF/CFSRE has taken these matters very seriously. For these reasons, I respectfully ask that US DOJ Office of Inspector General Audit Division and Bureau of Justice Affairs agree that the questioned costs should be deemed, "ADJUSTED, APPROVED, and RESOLVED", with no repayment of funds required.

B. Pages 8 and 9 – Equipment/Procedures

The Audit Report states: "...[w]e determined that FRFF did not have documented procurement policies and associated written standards of conduct required by Uniform Guidance and the DOJ Grants Financial Guide. Although FRFF did not have or follow formal procurement procedures or standards of conduct, based on our testing we did not identify any indications that equipment costs were unreasonable or any vendor selections unfair."

The Audit Report continues: "We recommend that OJP ensure that FRFF develops and implements documented procurement procedures consistent with applicable OMB Uniform Guidance and DOJ Grants Financial Guide Requirements".

FRFF/CFSRE Response: ADJUSTED, APPROVED AND SUBMITTED

Reference:

- **Addendum 3: Procurement Policy**

FRFF/CFSRE agrees that the organization needed to draft and implement Procurement Policies and Procedures that are consistent with the Department of Justice Financial Guide and attendant provisions in the Code of Federal Regulations for federal grant funds.

The Foundation has drafted its Procurement Policies and Procedures, and the Procurement document is attached as Addendum 3. Upon approval of the document's contents by the OIG Audit Division and the Bureau of Justice Affairs, the Executive Director will ensure implementation of the policy and training will be held for all staff affected by purchasing and ordering.

C. Pages 8 and 9 – Equipment/Procedures

The Audit Report states: “We also found that FRFF did not have a property management system to safeguard equipment acquired with grant funding. The Uniform Guidance and the DOJ Grants Financial Guide require that if federal grant funds are used to acquire equipment that may have a useful life of more than one year and an acquisition cost of \$5,000.00 or greater, then the grantee must maintain a property management system to record elements such as a serial or identification number; description of the equipment; the source of the funding for the equipment; and any ultimate disposition data. In addition to maintaining a property management system, grantees are required to take a physical inventory of their grant-funded equipment and reconcile the results with the property records every two years.”

The Audit Report continues, “Although FRFF did not have the equipment safeguarding and inventorying procedures as required, we did not identify any indications grant-funded equipment had been misappropriated or damaged.”

The Audit Report continues, “We recommend that OJP ensure that FRFF/CFSRE implements a property management system in compliance with Uniform Guidance and DOJ Grants Financial Guide requirements and implements procedures to conduct a physical inventory of the equipment and reconcile the results with the property records at least once every two years.”

The Audit Report provides the following recommendations: “Additionally, we recommend that OJP ensure that FRFF/CFSRE implements a property management system in compliance with Uniform Guidance and DOJ Grants Financial Guide requirements, implements procedures to conduct a physical inventory of equipment, and reconciles the results with the property records at least once every two years.”

FRFF/CFSRE Response: ACCEPTED– Property Management Procedures and Protocol Documents will be drafted and submitted by March 5, 2025

D. Page 9—Contractual; Remedy \$29,380 in unallowable questioned costs related to contract expenditures.

The Audit Report states: “FRFF used grant funding totaling \$29,380 for contract expenditures supporting improvements to FRFF’s computer system used to disseminate information about newly identified drugs and analyses. Although we determined these costs were supported, they were not allowable because they were not authorized by OJP in related grant budgets.”

The Audit Report continues: “As discussed in the Grant Financial Management and Budget Management and Control sections of this report, FRFF misclassified certain expenditures as supplies in the accounting system and did not have an effective process for preventing or detecting expenditures made outside the approved cost categories in its grant budgets. Officials told us the misclassification was due to misinterpretation of the cost category definitions in the grant budgets”.

The Audit Report states, “OJP requires that an award recipient initiate a Grant Award Modification (GAM) if it charges funds to a cost category that was not included in the original budget. As previously indicated in Table 4, contract costs were not approved by OJP in any of the original six grant budgets and FRFF did not submit a GAM to request approval to use grant funds for contract purchases, therefore all costs claimed as contract expenditures were unallowable. Therefore, we recommend that OJP remedy \$29,380 in unallowable contract expenditures.”

“Footnote 4-- Sum of unallowable contract expenditures related to three grants: Grant No. 2020-DQ-BX-0007 - \$23,280, Grant No. 2020-DQ-BX-0015 - \$5,530, and Grant No. 15PNIJ-22-GG-04434-MUMU - \$570”

FRFF/CFSRE Response – Admitted

FRFF/CFSRE Requested Remedy - ADJUSTED SUPPORTED

Reference:

- **Addendum 4: Subsequent GAMs to address contract expenditure findings**

Finding Four in the Audit Report, Questioned Costs Related to Contract Expenditures, notes that \$29,380 in questioned costs were found due to contractual costs not approved in the budget for awards. The questioned costs related to computer systems and product drafting and dissemination. FRFF/CFSRE Principal Investigators, financial personnel, and Executive Director believed these costs were properly categorized under Supplies at the time of drawdowns. The Audit Report reflects this belief by FRFF/CFSRE officials as it states, “Officials told us the misclassification was due to misinterpretation of the cost category definitions in the grant budget.”

When the matters were brought to the attention of the Principal Investigators, financial staff, and executives, additional guidance was sought with the Grant Managers at the National Institute of Justice and Auditor [REDACTED]. FRFF/CFSRE now understands the questioned costs should have been applied to the Procurement Contract budget line; a fact previously unknown to FRFF/CFSRE personnel. After learning of this category, our Principal Investigators and executives also sought guidance in the DOJ Financial Guide which notes, "...[i]f goods or services are purchased or procured from another entity for the recipient or subrecipient's own use, that activity will generally be considered a contract."

While these funds were incorrectly categorized during drawdowns, the goods and services acquired constitute allowable costs. The goods and services purchased correlate with grant activities under the program narratives and progress reports, and they are in accordance with the DOJ Financial Guide. No unallowable funds were drawn down and all funds can be properly accounted for, with re-categorization to the appropriate budget category. Indeed, the Audit Report on Page 9 states the following: "FRFF used grant funding totaling \$29,380 for contract expenditures supporting improvements to FRFF's computer system used to disseminate information about NPS and analyses. Although we determined these costs were supported, they were not allowable because they were not authorized by OJP in related grant budgets."

FRFF/CFSRE acknowledges its error. Please see Addendum 4, showing GAMs to address these procurement contract expenditure findings and reallocate the funds from Supplies to Procurement Contracts. Additionally, awards 2020-DQ-BX-0007 and 15PNJ-22-GG-4434-MUMU remained active during the period of the audit and remain active at this time; consequently, a budget GAM will be submitted to align these awards. For the 2020-DQ-BX-0015 award, we request retroactive approval of the GAM referenced in Addendum 4. Further justification to be provided as needed.

Based on the foregoing, FRFF/CFSRE asks for remedy of **ADJUSTED SUPPORTED**, with no repayment of funds required.

E. Page 11—Salary and Benefits; Remedy \$11,098 in unsupported salary costs charged to the awards.

“The Audit Report states, “We recommend that OJP remedy \$11,098 in unsupported salary costs.” The reference to unsupported salary pertains directly to missing paper records relating to grant drawdowns; however, records are in existence from which FRFF / CFSRE scientist work product on grants can be extrapolated and supported.

FRFF/CFSRE Response – Admitted

FRFF/CFSRE Requested Remedy - ADJUSTED SUPPORTED

Reference:

- **Addendum 5: Supplemental backup for unsupported salary (2018-75-CX-0039)**
- **Addendum 6: Supplemental backup for unsupported salary (2019-DU-BX-0020)**

Auditor [REDACTED] noted that FRFF/CFSRE had policies in place to support personnel costs but specific records representing \$11,098 in personnel costs could not be provided. During the performance period of these personnel costs, FRFF/CFSRE was using paper time and effort reports to track grant time and efforts. We have since implemented a grant time tracking software called Wizehive to track personnel time and ensure record keeping is kept and can be made available seamlessly upon request. We have also ensured that our procedures will align with record retention as required by the DOJ Financial Guide and will “retain all federal award records for a period of 3 years from the date of submission of the final expenditure report (Federal Financial Report/SF-425)”. These measures will help ensure that we do not have similar issues regarding reporting in the future.

Note 5 in the Audit Report indicates that the sum of unsupported salary costs is related to two grants (2018-75-CX-0039 in the amount of \$4,906 and 2019-DU-BX-0020 in the amount of \$6,192). FRFF/CFSRE acknowledges that the proper records could not be located due to systems that have since been upgraded. However, in Addendum 5, we provide supplemental backup that the employee in question for grant 2018-75-CX-0039 was employed/paid for the questioned period (Q4 2019) through ADP payment summaries and include a paper time and effort report for time spent on the grant from one pay period (for which the report could be located) around the questioned periods. We ask that this be considered as proof that the employee was working on the grant at this time. In Addendum 6, we supplemental backup that the employee in question for grant 2019-DU-BX-0020 was employed/paid for the questioned period through ADP payment summaries and paper time and effort sheets for time spent on the grant for several pay periods (for which reports could be located) around the questioned periods (Q3 2021). We ask that this be considered as proof that the employee was working on the grant at this time.

FRFF/CFSRE asks for remedy of **ADJUSTED SUPPORTED** with no repayment of funds required.

F. Page 11—Salary and Benefits; Remedy \$86,928 in unsupported fringe benefit costs charged to the awards.

“The Audit Report states, “We recommend that OJP work with FRFF to remedy \$86,928 in unsupported fringe benefit costs charged to the awards. As the similar single audit recommendation to improve salary related documentation procedures has been addressed by FRFF since the initiation of the audit, we believe the procedural developments are sufficient and are not issuing another related management improvement recommendation.”

FRFF/CFSRE Response – Admitted

FRFF/CFSRE Requested Remedy - ADJUSTED SUPPORTED

While FRFF/CFSRE does not dispute that fringe benefits were incorrectly drawn down,¹ the FRFF/CFSRE Executives, Principal Investigators and financial officers vehemently argue that an NMS Labs donated service for payment of employer health costs, which our Single Audit and yearly audits have always reflected, predicated the fringe benefit drawdown as calculated by the Foundation. NMS Labs’ payment of FRFF/CFSRE health care expenses is considered a “donation”, which is reflected in FRFF/CFSRE accounting and financial documents, pursuant to GAAP principles. NMS Labs will sign an attestation memorializing its historic practices which will be provided separately and subsequently from this response.

The health insurance premiums are a single portion of a complex system of donated services and in-kind donations provided by NMS Labs. The Kreischer Miller LLC Single Audit, which was heavily scrutinized and relied upon by both the US DOJ Office of Audit Assessment Management Audit received at FRFF/CFSRE on January 24, 2024, and was equally noted and scrutinized in the NIJ Audit conducted by Auditor [REDACTED], demonstrates the complexity of the donated services and in-kind donations.

The FRFF/CFSRE Single Audit, Years Ended December 31, 2022, and 2021 conducted by the firm of Kreischer Miller LLC stated: “The Foundation received donated management and administrative services totaling \$667,233.00 and \$347,269.00 in 2022 and 2021, respectively. NMS paid medical expense claims and employer portion of the health insurance premiums for the Foundation employees totaling \$129,459.00 and \$134,481.00 in 2022 and 2021 respectively.” The Single Audit goes on to reflect that NMS provides instruments services and supplies, facility costs, research, continuing education, training and in-kind donations for services, supporting services such as Human Resources and Payroll, and supporting personnel.

¹FRFF/CFSRE stipulates that it failed to calculate each employee’s fringe benefit deduction individually, meaning it failed to use each employee’s salary, health elections, and other benefits. As FRFF/CFSRE Executives advised Auditor [REDACTED], the error was due to ignorance. On April 1, 2024, FRFF/CFSRE hired a Business Manager who is appropriately calculating grant drawdowns. The individual fringe benefit calculation failure is accepted and admitted, but FRFF/CFSRE asks that the de minimis amount owed per inaccurate individual calculation be deemed ADJUSTED SUPPORTED, and no reimbursements be owed.

Regarding health care expenses of FRFF/CFSRE employees, The Single Audit reports, “The Foundation remits employee payroll deductions for health insurance premiums to NMS which pays the medical insurance. The balance due to NMS was \$28,584.00 and \$20,966.00 on December 31, 2022, and 2021 respectively, which is included in accounts payable and accrued expenses in the statements of financial positions”.

All the transparency in reporting, accounting, and identification of processes of donation reflected in the Single Audit, as well as prior and subsequent audits, demonstrates NMS Labs’ payment of the employer portion of FRFF/CFSRE’s of health insurance as a donated service. FRFF/CFSRE viewed it as a “donation” and drew down Fringe Benefits calculated according to the NMS Labs’ employer healthcare donated service. NMS Labs could have provided a direct donation to the Foundation for the employer’s portion of health care expenses. But, because NMS Labs provides donated services to FRFF/CFSRE for payroll and HR, the logical method for the deduction was to directly pay the insurer/Cigna as part of its own payment.

FRFF/CFSRE also wishes to advise that it invokes an “accounting advice of counsel” justification for its failure to use appropriate methodology to draw down on fringe benefits. As previously stated, FRFF/CFSRE has utilized the services of the national accounting firm of Kreischer Miller LLC for its audit since 2018. The Kreischer Miller Required Communications Letters, Single Audit, and Yearly Reports of Findings, and Letter of Engagements assured FRFF/CFSRE that Kreischer Miller “[w]ill evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluation the overall presentation of financial statements, including the disclosures, and determine the financial statement represent the underlying transactions and events in a manner that achieves fair presentation.”

The BJA can be assured that Kreischer Miller provided detailed and rigorous assessments of FRFF/CFSRE grant drawdowns as demonstrated by the findings of the Single Audit which we will make available upon request. FRFF/CFSRE asks that you particularly view Single Audit pages 18 and 31-34. The entirety of Part III of the Single Audit is entitled, “Findings and Questioned Costs for Federal Awards.” Findings 2022-006, 007, 008, 009 and 010 all relate to then-existing deficiencies in our grant accounting. *See Single Audit, pages 31-34.*

In several years of audits and very substantial fees paid to Kreischer Miller LLC, the Kreischer Miller Accounting professionals have never given a single indication that our fringe benefit drawdowns were methodologically flawed. Indeed, FRFF/CFSRE Board of Directors and Executive Director M.J. Menendez, J.D. have challenged Kreischer Miller’s methods and results, with acknowledgement by Kreischer Miller’s Managing Director Christopher F. Meshginpoosh, CPA, CGMA, that relief is due to FRFF/CFSRE due to Kreischer Miller’s failure to meet terms of engagement letter.

If FRFF/CFSRE was made aware of any errors, deficiencies, or flawed methodologies, the FRFF/CFSRE Executives, Principal Investigators, and Business Manager would have

immediately paused, learned, amended processes, and trained staff. FRFF/CFSRE has demonstrated commitment through its responses to the OAAM Audit that are graciously documented by Auditor [REDACTED] and already implemented process improvements.

For all reasons stated, FRFF/CFSRE respectfully asks that its remedy be deemed **ADJUSTED SUPPORTED**, and that FRFF/CFSRE be spared from having to repay any additional funds due to good faith error premised, in part, on accounting advice of counsel.

Respectfully Submitted this 21st Day of February 2025

APPENDIX 4: 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

February 28, 2025

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

FROM: Iyauta I. Green Iyauta Iyeesha Green
Director Digitally signed by Iyauta Iyeesha Green
Date: 2025.02.28 15:27:18 -05'00'

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs National Institute of Justice Research, Evaluation, and Development Project Grants Awarded to Fredric Rieders Family Foundation, Horsham, Pennsylvania*

This memorandum is in reference to your correspondence, dated January 23, 2025, transmitting the above-referenced draft audit report for the Fredric Rieders Family Foundation (FRFF). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains six recommendations and \$133,875 in questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by OJP's response.

- 1. We recommend that OJP remedy \$6,472 in unallowable questioned costs related to indirect costs.**

OJP agrees with the recommendation. To remedy the \$6,472 in questioned costs, related to unallowable indirect costs, charged to Grant Number 2019-DU-BX-0020, in its response, dated February 21, 2025, FRFF stated that it previously received an approved Grant Award Modification (GAM) for the award; however, the total indirect costs expended by the end of the award period exceeded the amount of funds that had been moved to the indirect cost category.

Accordingly, we will review the \$6,472 in questioned costs, related to unallowable indirect costs that were charged to Grant Number 2019-DU-BX-0020, and will work with FRFF to remedy the costs, as appropriate.

- 2. We recommend that OJP ensure that FRFF develops and implements documented procurement procedures consistent with applicable OMB Uniform Guidance and DOJ Grants Financial Guide requirements.**

OJP agrees with the recommendation. In its response, dated February 21, 2025, FRFF stated that it had drafted procurement policies and procedures, and that its Executive Director would ensure implementation of the policy. In addition, FRFF stated that it would train all staff involved with the procurement process.

Accordingly, we will coordinate with FRFF to obtain a copy of its written policies and procedures, developed and implemented, to ensure that its procurement procedures are consistent with applicable Office of Management and Budget (OMB) Uniform Guidance and U.S. Department of Justice (DOJ) Grants Financial Guide requirements.

- 3. We recommend that OJP ensure that FRFF implements a property management system in compliance with Uniform Guidance and DOJ Grants Financial Guide requirements and implements procedures to conduct a physical inventory of the equipment and reconcile the results with the property records at least once every 2 years.**

OJP agrees with the recommendation. In its response, dated February 21, 2025, FRFF stated that its property management procedures and protocol documents would be drafted and submitted by March 5, 2025.

Accordingly, we will coordinate with FRFF to obtain a copy of its written policies and procedures, developed and implemented, to ensure that its property management procedures are consistent with applicable OMB Uniform Guidance and DOJ Grants Financial Guide requirements.

- 4. We recommend that OJP remedy \$29,380 in unallowable questioned costs related to contract expenditures.**

OJP agrees with the recommendation. To remedy the \$29,380 in questioned costs, related to unallowable contract expenditures, charged to Grant Numbers 2020-DQ-BX-0007 (\$23,280), 2020-DQ-BX-0015 (\$5,530), and 15PNIJ-22-GG-04434-MUMU (\$570), in its response, dated February 21, 2025, FRFF stated that it would request budget GAMs to remedy the questioned costs for these awards.

Accordingly, we will review the \$29,380 in questioned costs, related to unallowable contract expenditures that were charged to Grant Numbers 2020-DQ-BX-0007, 2020-DQ-BX-0015, and 15PNIJ-22-GG-04434-MUMU, and will work with FRFF to remedy the costs, as appropriate.

5. **We recommend that OJP remedy \$11,095 in unsupported questioned costs related to salary costs.**

OJP agrees with the recommendation. To remedy the \$11,095 in questioned costs, related to unsupported salary costs, charged to Grant Numbers 2018-75-CX-0039 (\$4,903) and 2019-DU-BX-0020 (\$6,192), in its response, dated February 21, 2025, FRFF stated that it was using paper time and effort reports, which could not be located during the OIG audit. In addition, FRFF stated that it subsequently implemented a grant time tracking software called Wizehive, to track personnel time and ensure that the records are maintained and readily available upon request. Further, FRFF stated that it provided documentation to support the questioned salary costs.

Accordingly, we will review the \$11,095 in questioned costs, related to unsupported salary costs that were charged to Grant Numbers 2018-75-CX-0039 and 2019-DU-BX-0020, and will work with FRFF to remedy the costs, as appropriate.

6. **We recommend that OJP remedy \$86,928 in unsupported questioned costs related to fringe benefit costs charged to the awards.**

OJP agrees with the recommendation. To remedy the \$86,928 in questioned costs, related to unsupported fringe benefit costs, charged to Grant Numbers 2018-75-CX-0039 (\$11,068), 2019-DU-BX-0020 (\$22,644), 2020-DQ-BX-0007 (\$22,274), 2020-DQ-BX-0009 (\$12,052), 2020-DQ-BX-0015 (\$6,957), and 15PNIJ-22-GG-04434-MUMU (\$11,933), in its response, dated February 21, 2025, FRFF stated that it invoked an "accounting advice of counsel" justification for its failure to use appropriate methodology to draw down on fringe benefits. FRFF also stated that it had utilized the services of a national accounting firm, Kreischer Miller LLC, for its audit since 2018. Further, FRFF stated that if it had been made aware of any errors, deficiencies, or flawed methodologies, then its Executives, Principal Investigators, and Business Manager would have immediately paused, learned, amended processes, and trained staff.

Accordingly, we will review the \$86,928 in questioned costs, related to unsupported fringe benefit costs that were charged to Grant Numbers 2018-75-CX-0039, 2019-DU-BX-0020, 2020-DQ-BX-0007, 2020-DQ-BX-0009, 2020-DQ-BX-0015, and 15PNIJ-22-GG-04434-MUMU, and will work with FRFF to remedy the costs, as appropriate.

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, of my staff, on (202) 598-0529.

cc: Maureen A. Henneberg
Deputy Assistant Attorney General

cc: LeToya A. Johnson
Senior Advisor
Office of the Assistant Attorney General

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

Jennifer Scherer
Acting Director
National Institute of Justice

Faith Baker
Director, Office of Grants Management
National Institute of Justice

Charlene Hunter
Program Analyst
National Institute of Justice

Natasha Parrish
Grants Management Specialist
National Institute of Justice

Richard Adrien
Grants Management Specialist
National Institute of Justice

Charlotte Grzebien
Deputy General Counsel

Katherine Brown
Principal Deputy Director
Office of Communications

Rachel Johnson
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

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

Louise Duhamel
Assistant Director, Audit Liaison Group
Internal Review and Evaluation Office
Justice Management Division

Jorge L. Sosa
Director, Office of Operations – Audit Division
Office of the Inspector General

OJP Executive Secretariat
Control Number OCOM001370

APPENDIX 5: Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Audit Report

The OIG provided a draft of this audit report to the Office of Justice Programs (OJP) and the Fredric Rieders Family Foundation (FRFF). FRFF's response is incorporated in Appendix 3 and OJP's response is incorporated in Appendix 4 of this final report. In response to our draft audit report, OJP agreed with our recommendations, and as a result, the status of the audit report is resolved. In its response, FRFF included responses to each recommendation acknowledging the findings and indicating that it would work to remedy the recommendations. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendations for OJP:

1. Remedy \$6,472 in unallowable questioned costs related to indirect costs.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$6,472 in questioned costs, related to unallowable indirect costs that were charged to Grant Number 2019-DU-BX-0020, and will work with FRFF to remedy the costs, as appropriate. As a result, this recommendation is resolved.

FRFF stated in its response that it previously received an approved Grant Award Modification (GAM) for the award. However, as FRFF notes, the total indirect costs expended by the end of the award period exceeded the amount of funds that had been moved to the indirect cost category. As the DOJ Grants Financial Guide states, "Transferring funds into or out of the indirect cost category requires budget review and may require modification of the approved budget."

This recommendation can be closed when we receive evidence that OJP has remedied the \$6,472 in unallowable questioned costs related to indirect costs.

2. Ensure that FRFF develops and implements documented procurement procedures consistent with applicable OMB Uniform Guidance and DOJ Grants Financial Guide requirements.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with FRFF to obtain a copy of its written policies and procedures, developed and implemented, to ensure that its procurement procedures are consistent with applicable Office of Management and Budget (OMB) Uniform Guidance and U.S. Department of Justice (DOJ) Grants Financial Guide requirements. As a result, this recommendation is resolved.

FRFF agreed with our recommendation and stated in its response that it had drafted procurement policies and procedures, and that its Executive Director would ensure implementation of the policy. In addition, FRFF stated that it would train all staff involved with the procurement process. The OIG received the policy that FRFF supplied with its response and the OIG will work with OJP to review this additional documentation and determine whether it is sufficient to address the recommendation.

This recommendation can be closed when OJP confirms that FRFF has developed and implemented documented procurement procedures consistent with applicable OMB Uniform Guidance and DOJ Grants Financial Guide requirements.

- 3. Ensure that FRFF implements a property management system in compliance with Uniform Guidance and DOJ Grants Financial Guide requirements and implements procedures to conduct a physical inventory of the equipment and reconcile the results with the property records at least once every 2 years.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with FRFF to obtain a copy of its written policies and procedures, developed and implemented, to ensure that its property management procedures are consistent with applicable OMB Uniform Guidance and DOJ Grants Financial Guide requirements. As a result, this recommendation is resolved.

FRFF accepted our recommendation and stated in its response that its property management procedures and protocol documents would be drafted and submitted.

This recommendation can be closed when we receive evidence that FRFF has implemented a property management system in compliance with Uniform Guidance and DOJ Grants Financial Guide requirements and implements procedures to conduct a physical inventory of the equipment and reconcile the results with the property records at least once every 2 years.

- 4. Remedy \$29,380 in unallowable questioned costs related to contract expenditures.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$29,380 in questioned costs, related to unallowable contract expenditures that were charged to grant numbers 2020-DQ-BX-0007, 2020-DQ-BX-0015, and 15PNIJ-22-GG-04434-MUMU, and will work with FRFF to remedy the costs, as appropriate. As a result, this recommendation is resolved.

FRFF acknowledged the error relating to our recommendation and stated in its response that it would request budget GAMs to remedy the questioned costs for these awards.

This recommendation can be closed when we receive evidence that OJP has remedied the \$29,380 in unallowable questioned costs related to contract expenditures.

- 5. Remedy \$11,095 in unsupported questioned costs related to salary costs.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$11,095 in questioned costs, related to unsupported salary costs that were charged to grant numbers 2018-75-CX-0039 and 2019-DU-BX-0020, and will work with FRFF to remedy the costs, as appropriate. As a result, this recommendation is resolved.

FRFF acknowledged that the proper records were not located relating to our recommendation and stated in its response that it had previously been using paper time and effort reports. In addition, FRFF stated that it subsequently implemented a grant time tracking software, to track personnel time and ensure that the records are maintained and readily available upon request. Further, FRFF stated that it provided documentation to support the questioned salary costs. We received the documentation FRFF submitted with its response and will work with OJP to determine whether the documentation is sufficient to remedy the costs.

This recommendation can be closed when we receive evidence that OJP has remedied the \$11,095 in unsupported questioned costs related to salary costs.

6. Remedy \$86,928 in unsupported questioned costs related to fringe benefit costs charged to the awards.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$86,928 in questioned costs, related to unsupported fringe benefit costs that were charged to grant numbers 2018-75-CX-0039, 2019-DU-BX-0020, 2020-DQ-BX-0007, 2020-DQ-BX-0009, 2020-DQ-BX-0015, and 15PNIJ-22-GG-04434-MUMU, and will work with FRFF to remedy the costs, as appropriate. As a result, this recommendation is resolved.

FRFF did not dispute our finding that fringe benefits were incorrectly drawn down and stipulated that it failed to calculate each employee's fringe benefit deduction individually. Additionally, FRFF stated that it has implemented process improvements regarding its fringe benefit drawdowns.

This recommendation can be closed when we receive evidence that OJP has remedied the \$86,928 in unsupported questioned costs related to fringe benefit costs charged to the awards.