



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



**Audit of the
Office of Justice Programs
Support for Adam Walsh Act
Implementation and Sex Offender
Registration and Notification Act
Grants Awarded to the New Mexico
Department of Public Safety
Santa Fe, New Mexico**

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
SUPPORT FOR ADAM WALSH ACT IMPLEMENTATION
AND SEX OFFENDER REGISTRATION AND
NOTIFICATION ACT GRANTS AWARDED TO
THE NEW MEXICO DEPARTMENT OF PUBLIC SAFETY
SANTA FE, NEW MEXICO**

EXECUTIVE SUMMARY*

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 Support for Adam Walsh Act Implementation and Sex Offender Registration and Notification Act (SORNA) Reallocation programs to the New Mexico Department of Public Safety (NMDPS) in Santa Fe, New Mexico. NMDPS was awarded \$904,677 under Grant Numbers 2011-AW-BX-0007, 2012-DS-BX-0002, and 2013-AW-BX-0025 to meet the requirements of SORNA.

The objective of this audit was to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions. To accomplish this objective, we assessed performance in the following areas of grant management: financial management, expenditures, budget management and control, drawdowns, federal financial reports, and program performance. The criteria we audited against are contained in the OJP Financial Guide and the grant award documents.

As of December 18, 2014, NMDPS had drawn down \$491,850 of the total grant funds awarded. We examined NMDPS's operating policies and procedures, accounting records, and financial and progress reports, and found that NMDPS did not comply with essential award conditions related to grant expenditures, federal financial reports, and program performance. Specifically, NMDPS: (1) charged unallowable overtime to the grants, (2) submitted inaccurate financial and progress reports, (3) delayed program implementation, and (4) did not meet all special conditions.

Our report contains five recommendations to OJP which are detailed in the Findings and Recommendations section of this report. Our audit objective, scope, and methodology are discussed in Appendix 1 and our Schedule of Dollar-Related Findings appears in Appendix 2. We discussed the results of our audit with NMDPS officials and have included their comments in the report, as applicable. In addition, we requested a response to our draft audit report from NMDPS and OJP, and their responses are appended to this final audit report.

* The Office of the Inspector General redacted the name of an individual from Appendix 3 of this report to protect the privacy rights of the identified individual. See Privacy Act of 1974, 5 U.S.C. §552(a).

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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 Support for Adam Walsh Act (AWA) Implementation and the Sex Offender Registration and Notification Act (SORNA) Reallocation programs to the New Mexico Department of Public Safety (NMDPS) in Santa Fe, New Mexico. NMDPS was awarded three grants totaling \$904,677, as shown in Table 1.

**Table 1
Grants Awarded to NMDPS**

AWARD NUMBER	AWARD DATE	PROJECT START DATE	PROJECT END DATE	AWARD AMOUNT
2011-AW-BX-0007	08/29/2011	10/01/2011	06/30/2013	\$400,000
2012-DS-BX-0002	08/22/2012	08/01/2012	09/30/2013	104,677
2013-AW-BX-0025	09/04/2013	10/01/2013	09/30/2015	400,000
Total:				\$904,677

Source: OJP

The Support for AWA Implementation and the SORNA Reallocation programs assist states with implementing Title I of the Adam Walsh Child Protection Safety Act of 2006, known as SORNA, to protect the public from convicted sex offenders by establishing a comprehensive national system for the registration and notification of those offenders. The Support for AWA Implementation program assists jurisdictions with developing and enhancing programs designed to implement requirements of the SORNA, including maintaining a sex offender registry. The SORNA Reallocation program provides grant funding for jurisdictions that have yet to fully implement SORNA. SORNA stipulates that a jurisdiction that fails to substantially implement the Act will realize a 10 percent reduction in its Edward Byrne Memorial Justice Assistance Grant (JAG) formula funds.¹ This program was intended to offset the costs of implementing SORNA, in order to restore JAG funding. NMDPS is responsible for implementing the SORNA requirements for the State of New Mexico.

¹ The Edward Byrne Memorial JAG Program is the primary provider of federal criminal justice funding to state and local jurisdictions.

Audit Approach

The objective of this audit was to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions. To accomplish this objective, we assessed performance in the following areas of grant management: financial management, expenditures, budget management and control, drawdowns, federal financial reports, and program performance.

We tested compliance with what we consider to be the most important conditions of the grants. The criteria we audited against are contained in the OJP Financial Guide and the award documents. The results of our analysis are discussed in detail in the Findings and Recommendations section of the report. Appendix 1 contains additional information on this audit's objective, scope, and methodology. The Schedule of Dollar-Related Findings appears in Appendix 2.

FINDINGS AND RECOMMENDATIONS

As discussed in the following sections, we found that the New Mexico Department of Public Safety (NMDPS) did not comply with essential award conditions in the areas of expenditures, financial reporting, and performance. Specifically, NMDPS: (1) charged unallowable overtime to the grant, (2) submitted inaccurate financial and progress reports, (3) delayed program implementation, and (4) did not meet all special conditions.

Grant Financial Management

According to the OJP Financial Guide, all grant recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them. We reviewed NMDPS's Single Audit Reports for fiscal years (FY) 2012 and 2013 to identify internal control weaknesses and significant non-compliance issues related to federal awards. We also conducted interviews with NMDPS staff, reviewed policy and procedures, and inspected grant documents to determine whether NMDPS adequately safeguards grant funds.

The NMDPS's FY 2012 Single Audit Report included one finding that was identified as a significant deficiency. Specifically, NMDPS officials did not maintain documentation to show that they performed a verification check on the Excluded Party List System (EPLS) to ensure vendors were not suspended or debarred. However, according to a subsequent review, NMDPS did not enter into procurements with suspended or debarred parties in FY 2012. The report recommended that NMDPS document their assessment of excluded parties with vendors paid by Federal funds. NMDPS agreed with the recommendation and developed and implemented procedures for executing and documenting the verification check on the EPLS prior to award or contract execution.

The FY 2013 Single Audit Report did not contain any findings related to federal awards and indicated the issue reported in the prior report was resolved. Additionally, our audit did not identify any instances where NMDPS conducted business with suspended or debarred parties.

We reviewed NMDPS's internal control procedures for procurement, payroll, and contract oversight. As discussed in the Federal Financial Reports section of this report, we identified an issue with NMDPS maintaining up to date grant accounting records. Based on our review, we did not identify any other concerns related to grant financial management.

Grant Expenditures

For Grant Number 2011-AW-BX-0007, NMDPS's approved budget included personnel, fringe benefits, travel, supplies, contractual services, and other. For Grant Number 2012-DS-BX-0002, NMDPS's approved budget included equipment

and contractual services. For Grant Number 2013-AW-BX-0025, NMDPS's approved budget included personnel, fringe benefits, equipment, supplies, contractual services, and other.

To determine whether costs charged to the awards were allowable, supported, and properly allocated in compliance with award requirements, we tested a sample of transactions. For Grant Number 2011-AW-BX-0007, we selected payroll transactions from six pay periods totaling \$13,029 and eight non-payroll transactions totaling \$361,482. For Grant Number 2012-DS-BX-0002, we selected all transactions, which consisted of two non-payroll transactions totaling \$94,000. For Grant Number 2013-AW-BX-0025, we selected payroll transactions from six pay periods totaling \$851. There were no non-payroll transactions for Grant Number 2013-AW-BX-0025. The following section describes the results of that testing.

Direct Costs

We determined that the non-payroll transactions in our sample were allowable, supported, and properly allocated to the grants. However, we found that unallowable overtime was charged to Grant Number 2011-AW-BX-0007. As a result, we expanded our analysis to identify all overtime costs charged to the grants. Based on our expanded testing, we found \$5,386 in unallowable overtime and related fringe benefits charged to Grant Number 2011-AW-BX-0007, and \$250 in unallowable overtime and related fringe benefits charged to Grant Number 2013-AW-BX-0025. According to the OJP Financial Guide, overtime pay must be authorized in advance through written approval from the awarding agency. Overtime was not included as part of the approved budgets, and NMDPS did not obtain approval for overtime from OJP.

In total, we identified \$5,636 in unallowable questioned costs related to overtime. Therefore, we recommend that OJP coordinate with NMDPS to remedy the \$5,636 in unallowable overtime wages and fringe benefits for Grant Numbers 2011-AW-BX-0007 and 2013-AW-BX-0025.

Budget Management and Control

According to the OJP 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 grant recipient must initiate a Grant Adjustment Notice (GAN) 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 grant expenditures to the approved budgets to determine whether NMDPS 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 for all three grants.

Drawdowns

According to the OJP Financial Guide, the grant recipient should time drawdown requests to ensure that federal cash on hand is the minimum needed for disbursements to be made immediately or within 10 days. To assess whether NMDPS managed grant receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in the accounting records. For all three grants, we determined that NMDPS complied with the requirement, as total expenditures were equal to or exceeded cumulative drawdowns.

However, for Grant Number 2013-AW-BX-0025, NMDPS did not make its first drawdown until 355 days after the grant was awarded on September 4, 2013. As of the start of our audit and over 16 months after the 2-year grant was awarded, NMDPS had only drawn down \$1,568, which is less than 1 percent of the total award, and only charged \$2,188 to the grant. The grant is projected to end on September 30, 2015, and NMDPS still has \$397,812 in remaining grant funds.

The delays in spending and minimal spending under this award are indicative of an issue with program implementation. NMDPS officials stated that the primary reasons for the delayed spending were delays in submitting and receiving approval for a budget modification and hiring. This issue is further discussed in the Program Goals and Objectives section of this report.

Federal Financial Reports

According to the OJP Financial Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period and cumulatively on each Federal Financial Report (FFR). To determine whether the FFRs submitted by NMDPS were accurate, we compared the four most recent reports for Grant Numbers 2011-AW-BX-0007 and 2012-DS-BX-0002, and all five reports for Grant Number 2013-AW-BX-0025 to NMDPS's accounting records.

We determined that the quarterly and cumulative expenditures for the FFRs reviewed matched the accounting records for Grant Numbers 2011-AW-BX-0007 and 2012-DS-BX-0002. However, two of the three FFRs, for which expenditures were reported, did not match the accounting records for Grant Number 2013-AW-BX-0025, as shown in Table 2.

Table 2

FFR Accuracy by Period for Grant Number 2013-AW-BX-0025

REPORT No.	REPORT PERIOD END DATE	PERIOD EXPENDITURES IN QUARTERLY REPORT	PERIOD EXPENDITURES IN ACCOUNTING RECORDS	DIFFERENCE BETWEEN REPORT & ACCOUNTING RECORDS
4	09/30/2014	\$1,341	\$1,524	(\$183)
5	12/31/2014	597	437	161 ²

Source: OJP and NMDPS

During our analysis of NMDPS's accounting records for Grant Number 2013-AW-BX-0025, we found that NMDPS posted multiple reversing and correcting entries for each fringe benefit charged to the grant. For example, for the pay period ending September 12, 2014, NMDPS made an original entry and four reversing and correcting entries for each of the four fringe benefits charged to the grant, resulting in a total of 20 transactions posted to the grant over a period of 103 days.³ NMDPS officials explained that, due to turnover in the Finance Department, there were some issues with allocating fringe benefits. This required the department to make additional correcting entries in December 2014, which impacted fringe benefits transactions as far back as July 2014. The accounting issues identified in the latter half of 2014 resulted in inaccurate financial reporting. Therefore, we recommend OJP coordinate with NMDPS to ensure that the financial information reported in FFRs is accurate.

Program Performance

We reviewed the Categorical Assistance Progress Reports (progress reports), which are completed semi-annually, to determine if the required reports are accurate. We also reviewed the grant solicitations and grant documentation, and interviewed NMDPS officials to determine whether the program goals and objectives were implemented. Finally, we reviewed NMDPS's compliance with the special conditions identified in the award documentation.

Categorical Assistance Progress Reports

According to the OJP Financial Guide, 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. In order to verify the information in progress reports, we selected a sample of 5 performance measures from the 2 most recent progress reports submitted for Grant Numbers 2011-AW-BX-0007 and 2012-DS-BX-0002 for a total sample size

² Differences in the total amounts are due to rounding. The sum of individual numbers prior to rounding may differ from the sum of the individual numbers rounded.

³ Fringe benefits charged to the grant included Group Insurance Premium, Retirement Contributions, FICA, and Retiree Health Care Act Contributions.

of 20. We then traced the items to supporting documentation maintained by NMDPS officials. We did not select a sample of performance measures for Grant Number 2013-AW-BX-0025 because the most recent progress report as of the start of fieldwork stated that the program was nonoperational.

For Grant Number 2011-AW-BX-0007, we found that 2 of the 10 performance measures we reviewed were properly supported. For the remaining eight performance measures, NMDPS's supporting documentation did not match the reported performance measures, as shown in Table 3.

Table 3
Progress Report Facts for Grant Number 2011-AW-BX-0007

PROGRESS REPORT PERFORMANCE MEASURES	NMDPS'S RESPONSE	ISSUE WITH SUPPORT PROVIDED
JULY – DECEMBER 2012		
Number of jurisdiction personnel trained on SORNA compliance during the reporting period	135	Support showed 144 trainees.
Date Goal 1 was completed.	10/23/2012	Support showed a completion date of 10/19/2012.
Date Goal 4 was completed.	11/09/2012 and 11/23/2012	Support showed a completion dates of 10/26/2012 and 11/9/2012
JANUARY – JUNE 2013		
Total number of sex offenders who are registered in the jurisdiction each month during the project period	32,472 total registered	Support showed the following: 732 (Jan 13), 734 (Feb 13) 5,464 (Mar 13), 5,391 (Apr 13), 5,414 (May 13), 5,431 (June 13)
Total number of sex offenders in compliance with jurisdiction registry requirements each month during the project period	32,092 total compliant	Support showed the following: 712 (Jan 13), 716 (Feb 13), 5,459 (Mar 13), 5,363 (Apr 13), 5,339 (May 13), 5,355 (June 13)
Number of records/data captured and/or automated during the reporting period	31,822 total records captured	NMDPS provided contractor reports showing the total number of records captured during the reporting period was 20,250.
Number of updated sex offender registration records electronically transmitted during each month of the reporting period	1,524 total records transmitted	Support showed the following: 202 (Jan 13), 238 (Feb 13), 251 (Mar 13), 275 (Apr 13), 257 (May 13), 234 (June 13)
Number of jurisdiction personnel trained on SORNA compliance during the reporting period	112	Support showed 107 trainees.

Source: OJP and NMDPS

For Grant Number 2012-DS-BX-0002, we found that 6 of the 10 performance measures we reviewed were properly supported. For the remaining four performance measures, NMDPS's supporting documentation did not match the reported performance measures, as shown in Table 4.

Table 4

Progress Report Facts for Grant Number 2012-DS-BX-0002

PROGRESS REPORT PERFORMANCE MEASURES	NMDPS'S RESPONSE	ISSUE WITH SUPPORT PROVIDED
JANUARY – JUNE 2013		
Total number of sex offenders registered in the jurisdiction each month during the project period.	3,793 Currently registered	Support showed the following: 732 (Jan 13), 734 (Feb 13) 5,464 (Mar 13), 5,391 (Apr 13), 5,414 (May 13), 5,431 (Jun 13)
Total number of sex offenders in compliance with jurisdiction registry requirements each month during the project period.	3,744 Currently compliant	Support showed the following: 712 (Jan 13), 716 (Feb 13), 5,459 (Mar 13), 5,363 (Apr 13), 5,339 (May 13), 5,355 (Jun 13)
Total number of sex offenders identified as non-compliant with jurisdiction registry requirements during each month of the project period.	49 Currently non-compliant	Support showed the following: 20 (Jan 13), 18 (Feb 13), 5 (Mar 13), 28 (Apr 13), 75 (May 13), 76 (Jun 13)
JULY – SEPTEMBER 2013		
Accomplishments within this reporting period.	33 Signature pads deployed	The support documentation showed and NMDPS officials purchased 40 digital signature pads of which 36 were deployed to county sheriff offices and 4 are stored at NMDPS as spares.

Source: OJP and NMDPS

NMDPS officials stated that they used reports provided by the SORNA registry system’s contractor to complete the progress reports for sex offender registration information but they did not retain a copy of the supporting documentation. When we requested support for our sample, NMDPS requested the information from the contractor. However, NMDPS was not able to replicate all of the data reported because either: (1) the reports are not static, or (2) an individual, either the contractor or an NMDPS official, made an error at the time the report was completed. Additionally, NMDPS officials stated that in some instances they reported the total transactions for the six month reporting period instead of the monthly totals requested.

NMDPS officials used training sign-in sheets to complete progress reports for training information. However, NMDPS did not remove trainers and attendees that completed substantially the same training during the reporting period from the trainee count.

Based on the information outlined above, we determined that NMDPS does not have adequate procedures to track grant performance measures. Therefore, we recommend that OJP coordinate with the NMDPS to develop and implement procedures to ensure that progress reports are accurate and supported.

Program Goals and Objectives

NMDPS's overall objective for Grant Number 2011-AW-BX-0007 was to implement a statewide, electronic sex offender registration and management system to improve the registration, data collection, interagency messaging, and information sharing processes to meet SORNA requirements. The goals of the grant were to: (1) implement statewide sex offender management software; (2) develop and implement training for law enforcement personnel and continuing web-based instruction; (3) acquire 34 document scanners to convert offender documents to digital format; and (4) develop and implement procedures for collection and reporting of monthly performance measures. NMDPS officials stated that the goal pertaining to continuing web-based instruction for law enforcement personnel was incomplete but in process.

The goals for Grant Number 2012-DS-BX-0002 were to: (1) acquire 33 digital finger print scanner and signature pads for the 33 county sheriff offices in New Mexico; (2) develop and implement training for law enforcement personnel; (3) develop and implement a sex offender custodial workflow project to establish policies and procedures for converting offender documentation to digital format; and (4) develop and implement processes and procedures for the required monthly performance measures. NMDPS stated that only 50 percent of county sheriff offices have actually installed the signature pads. According to NMDPS, remote sheriffs' offices are experiencing issues with installation, which is further hindered by the offices' reliance on high cost, contracted IT services. NMDPS officials stated that they attempted to address this issue by disseminating training documents and installation instructions.

NMDPS's overall objective for Grant Number 2013-AW-BX-0025 was to acquire software and consultant services for the development and implementation of a sex offender document management system and to address sex offender documents not currently within the new registration system. The goals of the grant were to: (1) provide two support personnel for the Law Enforcement Records Bureau Records; (2) acquire hardware, software, and professional services to process and digitize offender documents; and (3) implement an electronic document management system (EDMS) process and acquiring six fingerprint scanners. As stated in the Drawdowns section of this report, we found that NMDPS has experienced delays in implementing the goals for this grant.

The program implementation delays are a result of the fact that NMDPS has not yet filled the support personnel positions funded by the grant. The original timeline indicated that the hires would be completed by November 2014. During fieldwork, NMDPS officials stated that their goal was to have the new hires start on February 28, 2015. However, in the most recent progress report dated February 17, 2015, NMDPS officials indicated that hiring would be delayed until May 2015. The grant-funded term positions are budgeted for two years and the grant end date is September 30, 2015. As a result, NMDPS will not be able to achieve this goal prior to the end of the grant. For the remaining two goals, NMDPS

officials stated that they procured the equipment and are in the initial stages of meeting with the contractor for the EDMS.

Overall, NMDPS officials stated that they have missed milestones in meeting the goals of Grant Number 2013-AW-BX-0025, and NMDPS had considerable program delays. Although the grant award period began October 2013, NMDPS indicated that it was in the beginning stages of meeting its goals as of December 2014. As stated previously, the grant end date is September 30, 2015, meaning that NMDPS only has 5 months remaining to complete the 2-year grant program.

Based on our review, there were no indications that NMDPS did not meet the stated goals and objectives for Grant Numbers 2011-AW-BX-0007 and 2012-DS-BX-0002. However, for Grant Number 2013-AW-BX-0025, NMDPS has experienced delays in implementing the program and it appears that the project will not be completed by the award end date of September 30, 2015. Therefore, we recommend that OJP assess NMDPS's ability to complete the program goals for Grant Number 2013-AW-BX-0025 prior to the end of the award.

Special Conditions

Special conditions are the contractual terms and conditions that are included with the awards. We evaluated the special conditions for each grant and selected a judgmental sample of the requirements that are significant to performance under the grants and are not addressed in another section of this report. We evaluated three special conditions for Grant Number 2011-AW-BX-0007, five special conditions for Grant Number 2012-DS-BX-0002, and two special conditions for Grant Number 2013-AW-BX-0025.

Based on our sample, we identified one instance where NMDPS was not in compliance with the special conditions of the grants. For Grant Number 2011-AW-BX-0007, we found NMDPS did not comply with the special condition that the recipient may not obligate, expend, or draw down funds until the Office of the Chief Financial Officer (OCFO) has approved the budget and the budget narrative and a GAN has been issued to remove this special condition. The OCFO approved the budget for Grant Number 2011-AW-BX-0007 on December 14, 2011. Based on the posting date on NMDPS's accounting records, we identified 15 transactions that were charged to the grant prior to the approved budget date. Additionally, based on the "long description" for each transaction, it appears that expenditures were obligated prior to the project start date, October 1, 2011, and additional expenditures were obligated prior to the OCFO's budget approval date. However, we were unable to determine the total amount obligated prior to either the start date or the OCFO's budget approval date because not all of the transaction descriptions contained sufficient information to determine when the funds were obligated. The amounts we were able to identify as being obligated prior to the approved budget date were immaterial; therefore, we did not identify questioned costs related to this issue. However, we recommend that OJP coordinate with NMDPS to develop policies and procedures to ensure that federal funds are not obligated or expended prior to the OCFO approved budget date.

Conclusion

The objective of this audit was to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions. We examined NMDPS's accounting records, budget documents, financial and progress reports, and financial management procedures. We found that NMDPS charged unallowable overtime and associated fringe benefits to the grants, did not accurately report grant expenditures and performance measures, had performance delays, and obligated federal funds prior to the OCFO budget approval. We made five recommendations to improve NMDPS's management of awards.

Recommendations

We recommend that OJP:

1. Coordinate with NMDPS to remedy the \$5,636 in unallowable overtime wages and fringe benefits for Grant Numbers 2011-AW-BX-0007 and 2013-AW-BX-0025.
2. Coordinate with NMDPS to ensure that the financial information reported in FFRs is accurate.
3. Coordinate with NMDPS to develop and implement procedures to ensure that progress reports are accurate and supported.
4. Assess NMDPS's ability to complete program goals for Grant Number 2013-AW-BX-0025 prior to the end of the award.
5. Coordinate with NMDPS to develop policies and procedures to ensure that federal funds are not obligated or expended prior to the OCFO approved budget date.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of this audit was to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions. To accomplish this objective, we assessed performance in the following areas of grant management: financial management, expenditures, budget management and control, drawdowns, federal financial reports, and program performance.

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 NMDPS under the SORNA grant program. Grant Numbers 2011-AW-BX-0007, 2012-DS-BX-0002, and 2013-AW-BX-0025 were awarded \$400,000, \$104,677, and \$400,000 respectively; and as of December 18, 2014, had drawn down \$491,850 of the total grant funds awarded. Our audit concentrated on, but was not limited to August 29, 2011, the award date for Grant Number 2011-AW-BX-0007, through January 16, 2015, the last day of our audit fieldwork. Grant Numbers 2011-AW-BX-0007 and 2012-DS-BX-0002 ended prior to the start of fieldwork. Grant Number 2013-AW-BX-0025 was in progress, and NMDPS officials had spent less than one percent of award funds.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of NMDPS's activities related to the audited grants. We performed sample-based audit testing for grant expenditures including payroll and non-payroll costs; financial reports; and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The criteria we audit against are contained in the OJP Financial Guide and the award documents. In addition, we evaluated NMDPS's: (1) grant financial management, including grant-related procedures in place for procurement, contractor monitoring, financial reports, and progress reports; (2) budget management and controls; (3) drawdowns; and (4) program performance.

During our audit, we obtained information from OJP's Grant Management System as well as NMDPS'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.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>QUESTIONED COSTS</u> ⁴	AMOUNT	PAGE
<u>Unallowable Costs</u>		
Unauthorized overtime costs	<u>\$5,636</u>	4
Total Unallowable Costs	\$5,636	
QUESTIONED COSTS	\$5,636	

⁴ **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements; are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

**NEW MEXICO DEPARTMENT OF PUBLIC SAFETY
RESPONSE TO THE DRAFT AUDIT REPORT⁵**



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<p>SCOTT WEAVER DEPUTY SECRETARY STATEWIDE LAW ENFORCEMENT SERVICES AND SUPPORT</p>	<p>OFFICE OF THE DEPUTY SECRETARY 505/ 827-9102</p>	<p>INFORMATION TECHNOLOGY 505/ 827-3413</p>	<p>TRAINING AND RECRUITING 505/ 827-9252</p>	

May 15, 2015

David Sheeren
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Denver, CO 80203

Dear Mr. Sheeren:

On December 22, 2014 an audit was conducted by the Office of the Inspector General with the New Mexico Department of Public Safety, regarding Grant Numbers 2011-AW-BX-0007, 2013-AW-BX-0027 and 2012-DS-BX-0002. On April 28, 2015, the NMDPS received an official copy of the Draft Audit Report to which we are responding. As a result, we have reviewed all five recommendations provided by the report and our response to each recommendation is outlined below in the corresponding numeric order. In an effort to provide further clarification to our response, it is important for NMDPS to explain the reasons for the answers provided to the Office of the Inspector General’s recommendations. NMDPS concurs with four out of the five recommendations and a resolution for each finding is provided in the statements below. However, recommendation four is an exception as NMDPS has researched each finding. Although it is appropriate to state that NMDPS provided inaccurate statistical information during the audit for Grant Numbers 2011-AW-BX-0007 and 2012-DS-BX-0002, there are valid reasons for the answers provided to several questions. This is not an attempt to absolve our agency of any responsibility in the matter, but it is important to relay our good intentions as well as the unintentional oversights on our behalf.

For example, regarding NMDPS’s response of 135 personnel who were trained on SORNA compliance, our records indicate that this number is accurate as far as the number of personnel who were trained. Our agency takes responsibility for the sign-in sheets which did not reflect a separation between attendees and trainees. However, it was NMDPS’s intention to provide mandated training as required by the grant which is a goal that was ultimately accomplished.



⁵ Attachments to this response were not included in this final report.

Effective immediately, our agency will be diligent in providing a separation of sign-in sheets to prevent this problem from recurring in the future. In another example, the numbers provided during the audit by NMDPS regarding the sex offender registrants were indeed inaccurate. However, the reason for the discrepancy in the numbers provided by NMDPS and the numbers provided by the contractor was due to a difference in the way these numbers were being calculated. The reason for this is because the contractor counts each event with each offender as it occurs on multiple occasions and NMDPS only counts the offender once, hence the large discrepancy in the numbers. Nonetheless, this difference was discovered by the auditors and during our internal research and the issue has since been remedied.

Please see below, a more detailed resolution to each finding. In writing this response, it is our goal to take as many measures as necessary to remedy each recommendation.

NMDPS DRAFT AUDIT RESPONSE:

1. Coordinate with NMDPS to remedy the \$5,636 in unallowable overtime wages and fringe benefits for Grant Numbers 2011-AW-BX-0007 and 2013-AW-BX-0025.

NMDPS concurs with this recommendation made by the Office of the Inspector General. As a result, our agency has prepared two separate journal entries in our SHARE financial system to remedy these expenditures by removing these charges from the current project. The first journal entry was made in the amount of \$5385.15 for Grant Number 2011-AW-BX-007 and the second journal entry was made in the amount of \$250.85 for Grant Number 2013-AW-BX-0025. These journal entries are provided in the attachments section cited as attachments 1 and 2.

NMDPS is prepared to arrange re-payment options with the Department of Justice. As directed by [REDACTED] on May 7, 2015, via email, our agency will proceed with contacting our Office of Justice Programs Program Manager to remedy the dollar-related finding. As a result of this recommendation, NMDPS has updated our Grants Management Manual of Policies and Procedures to reflect two new sections: 4.0 Program Section; 4.7 Set up the Grant Award and Orchestrate Program Activities Section. Both of these procedure implementations will ensure the NMDPS Grants Management Bureau does not charge any grant under the management of NMDPS with unallowable overtime wages and fringe benefits. For further clarification, please see attachment 3. It is important to note all policy and procedure changes are reflective of adherence to the OCFO guidelines.

2. Coordinate with NMDPS to ensure that the financial information reported in FFRs is accurate.

NMDPS concurs with this recommendation. As a result, policy and procedures have been updated to include the following changes. The first change is the creation of a grant template for performance measure data collection. This template will be utilized by the program to ensure data collection is accurate, timely and on course with grant expectations. This implementation will ensure the program has been adequately informed of performance measure expectations at the start of each quarter. Please see attachment 3.

As a result of this recommendation, NMDPS has updated our Grants Management Manual of Policies and Procedures to reflect section 3.8 Reporting Requirements. This procedure implementation will ensure the NMDPS Grants Management Bureau provides accurate financial information as reported in each FFR. For further clarification, please see attachment 3.

3. Coordinate with NMDPS to develop and implement procedures to ensure that progress reports are accurate and supported.

NMDPS concurs with seven out of the eight Progress Report Facts for Grant Number 2011-AW-BX-0007. The support for our response is listed below:

Progress Report Facts for Grant Number 2011-AW-BX-0007

PROGRESS REPORT PERFORMANCE MEASURES	NMDPS'S Initial Response December 22, 2014	ISSUE WITH SUPPORT PROVIDED	NMDPS'S FINAL RESPONSE MAY 2015
JULY – DECEMBER 2012			
Number of jurisdiction personnel trained on SORNA compliance during the reporting period.	135	Support showed 144 trainees.	NMDPS maintains that there were 135 attendees. The discrepancy noted by the OIG is as a result of NMDPS's failure to separate out the number of trainers (9) from the number of attendees (135). However, listed on the provided sign-in-sheets were 135 attendees who participated in the training.
Date Goal 1 was completed.	10/23/2012	Support showed a completion date of 10/19/2012.	NMDPS recognizes that the date reported by an NMDPS official at the time of the audit is inaccurate and not reflective of the completion date reported by our contractor.
Date Goal 4 was completed.	11/09/2012 and 11/23/2012	Support showed a completion dates of 10/26/2012 and 11/9/2012	NMDPS recognizes that the dates reported by an NMDPS official at the time of the audit are inaccurate and not reflective of the completion dates reported by our contractor.

JANUARY – JUNE 2013			
Total number of sex offenders who are registered in the jurisdiction each month during the project period.	32,472 total registered	Support showed the following: 732 (Jan 13), 734 (Feb 13) 5,464 (Mar 13), 5,391 (Apr 13), 5,414 (May 13), 5,431 (June 13)	NMDPS concurs that this number is inaccurate and was reported incorrectly.
Total number of sex offenders in compliance with jurisdiction registry requirements each month during the project period.	32,092 total compliant	Support showed the following: 712 (Jan 13), 716 (Feb 13), 5,459 (Mar 13), 5,363 (Apr 13), 5,339 (May 13), 5,355 (June 13)	NMDPS concurs that this number is inaccurate and was reported incorrectly.
Number of records/data captured and/or automated during the reporting period.	31,822 total records captured	NMDPS provided contractor reports showing the total number of records captured during the reporting period was 20,250.	NMDPS concurs that this number is inaccurate and was reported incorrectly.
Number of updated sex offender registration records electronically transmitted during each month of the reporting period.	1,524 total records transmitted	Support showed the following: 202 (Jan 13), 238 (Feb 13), 251 (Mar 13), 275 (Apr 13), 257 (May 13), 234 (June 13)	NMDPS concurs that this number is inaccurate and was reported incorrectly.
Number of jurisdiction personnel trained on SORNA compliance during the reporting period.	112	Support showed 107 trainees.	NMDPS concurs that this number is inaccurate and was reported incorrectly. After further review, the actual number of trainees is 105.

Progress Report Facts for Grant Number 2012-DS-BX-0002

NMDPS concurs with four out of the four Progress Report Facts for Grant Number 2011-AW-BX-0007. The support for our response is listed below:

PROGRESS REPORT PERFORMANCE MEASURES	NMDPS'S Initial Response December 22, 2014	ISSUE WITH SUPPORT PROVIDED	NMDPS'S FINAL RESPONSE MAY 2015
JANUARY – JUNE 2013			
Total number of sex offenders registered in the jurisdiction each month during the project period.	3,793 Currently registered	Support showed the following: 732 (Jan 13), 734 (Feb 13) 5,464 (Mar 13), 5,391 (Apr 13), 5,414 (May 13), 5,431 (Jun 13)	NMDPS recognizes that the number reported by a NMDPS official at the time of the audit is incorrect. The contractor has a different method of accounting for this information and NMDPS was unaware of this until the audit.

Total number of sex offenders in compliance with jurisdiction registry requirements each month during the project period.	3,744 Currently compliant	Support showed the following: 712 (Jan 13), 716 (Feb 13), 5,459 (Mar 13), 5,363 (Apr 13), 5,339 (May 13), 5,355 (Jun 13)	NMDPS recognizes that the number reported by a NMDPS official at the time of the audit is incorrect. The contractor has a different method of accounting for this information and NMDPS was unaware of this until the audit.
Total number of sex offenders identified as non-compliant with jurisdiction registry requirements during each month of the project period.	49 Currently non-compliant	Support showed the following: 20 (Jan 13), 18 (Feb 13), 5 (Mar 13), 28 (Apr 13), 75 (May 13), 76 (Jun 13)	NMDPS recognizes that the number reported by a NMDPS official at the time of the audit is incorrect. The contractor has a different method of accounting for this information and NMDPS was unaware of this until the audit.
JULY – SEPTEMBER 2013			
Accomplishments within this reporting period.	33 Signature pads deployed	The support documentation showed and NMDPS officials purchased 40 digital signature pads of which 36 were deployed to county sheriff offices and 4 are stored at NMDPS as spares.	NMDPS recognizes that that 40 signature pads were purchased. 33 pads were initially deployed, 3 additional pads were sent out to two different counties upon request and 4 remain in storage at NMDPS as spares.

4. Assess NMDPS's ability to complete program goals for Grant Number 2013-AW-BX-0025 prior to the end of the award.

NMDPS concurs with this recommendation. As a result, three new implementations have been made. The first change is the utilization of a grant template for performance measure data collection. This template will be utilized by the program to ensure data collection is accurate, timely and on course with grant expectations. This implementation will ensure the program has been adequately informed of performance measure expectations at the start of each quarter. Please see attachment 4.

The second change will include the utilization of a grant template for all grant required goals and objectives. This template will capture a timeline of each goal and objective as its being met. It will serve as a tracking mechanism for grant requirements and will assist the Grant Analyst in monitoring grant requirements before deadlines approach. Please see attachment 5.

Lastly, the third change will be a mandated formalized training for each Grant Management Analyst who is employed with the NMDPS Grants Management Bureau. This training will include education on all components of grant management inclusive of but not limited to: application process; procurement; matching requirements; financial reporting and grant related regulations. Please see attachment 6.

As a result of these modifications, NMDPS has updated our Grants Management Manual of Policies and Procedures to reflect section 3.8 Reporting Requirements. This procedure will ensure that the NMDPS Grants Management Bureau staff, utilize the above grant templates with each grant that is monitored by our agency. Please see attachment 3.

5. Coordinate with NMDPS to develop policies and procedures to ensure that federal funds are not obligated or expended prior to the OCFO approved budget date.

NMDPS concurs with this recommendation made by the Office of the Inspector General. Our agency has updated our Grants Management Manual of Policies and Procedures to reflect section 4.0 Program Section and 4.5 Manage the Receipt Award. These procedures will ensure that each analyst reviews the award documents in detail (specifically the program start and end dates) prior to any expenditures being charged to the grant. This policy and procedure update is reflective of and in adherence to the OCFO guidelines. Please see attachment 3.

NMDPS currently is in communication with the Department of Justice regarding an extension on grant number 2013-AW-BX-0025. This extension's purpose is to allow the program adequate time to meet the timelines of the grant that were previously not met. This includes the extension of two full-time positions funded by the grant and hired within the last three months.

CLOSING REMARKS:

In conclusion, NMDPS is appreciative of the Office of the Inspector General for having brought to light matters that needed attention within the Grants Management Bureau and Program. Since this audit, our agency has made every effort to resolve these findings and we continue our due diligence in ensuring these errors are not repeated in the future. It is the intention of NMDPS to provide high quality management and detailed oversight for all grants handled by the Bureau. We consistently strive to enhance our grant management practices through evolution and change. This audit has afforded us the opportunity to take an introspective look at our standards and make necessary adjustments that will only improve the management of our grants for our Bureau and for our agency as a whole.

Sincerely,



Sylvia Serna
Grants Management Bureau Chief
New Mexico Department of Public Safety



Michael Gutierrez
CFO
New Mexico Department of Public Safety



Regina Chacon
Law Enforcement Records Bureau Chief
New Mexico Department of Public Safety

**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

MAY 28 2015

MEMORANDUM TO: David M. Sheeren
Regional Audit Manager
Denver Regional Audit Office
Office of the Inspector General

FROM:  Ralph E. Martin 
Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs, Support for Adam Walsh Act Implementation and Sex Offender Registration and Notification Act Grants Awarded to the New Mexico Department of Public Safety, Santa Fe, New Mexico*

This memorandum is in reference to your correspondence, dated April 28, 2015, transmitting the above-referenced draft audit report for the New Mexico Department of Public Safety (NMDPS). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains five recommendations and \$5,636 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 our response.

- 1. We recommend that OJP coordinate with NMDPS to remedy the \$5,636 in unallowable overtime wages and fringe benefits for Grant Numbers 2011-AW-BX-0007 and 2013-AW-BX-0025.**

OJP agrees with the recommendation. We will coordinate with NMDPS to remedy the \$5,636 in questioned costs, related to unallowable overtime wages and fringe benefits costs charged to Grant Numbers 2011-AW-BX-0007 and 2013-AW-BX-0025.

- 2. We recommend that OJP coordinate with NMDPS to ensure that the financial information reported in FFRs is accurate.**

OJP agrees with the recommendation. We will coordinate with NMDPS to obtain a copy of written policies and procedures, developed and implemented, to ensure that future Federal Financial Reports are accurate.

3. **We recommend that OJP coordinate with NMDPS to develop and implement procedures to ensure that progress reports are accurate and supported.**

OJP agrees with the recommendation. We will coordinate with NMDPS to obtain a copy of written policies and procedures, developed and implemented, to ensure that future semi-annual progress reports are accurate and supported.

4. **We recommend that OJP assess NMDPS's ability to complete program goals for Grant Number 2013-AW-BX-0025 prior to the end of the award.**

OJP agrees with the recommendation. OJP will assess NMDPS's ability to complete program goals for Grant Number 2013-AW-BX-0025 and, if needed, encourage NMDPS to submit a Grant Adjustment Notice to request a no-cost extension for this award.

5. **We recommend that OJP coordinate with NMDPS to develop policies and procedures to ensure that federal funds are not obligated or expended prior to the OCFO approved budget date.**

OJP agrees with the recommendation. We will coordinate with NMDPS to obtain a copy of written policies and procedures, developed and implemented, to ensure that Federal funds are not obligated or expended prior to the approved budget start date for the award.

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

cc: Jeffrey A. Haley
Deputy Director, Audit and Review Division
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**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 New Mexico Department of Public Safety (NMDPS) and Office of Justice Programs (OJP). NMDPS's response appears in Appendix 3 and OJP's response appears in Appendix 4. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendations:

1. Coordinate with NMDPS to remedy the \$5,636 in unallowable overtime wages and fringe benefits for Grant Numbers 2011-AW-BX-0007 and 2013-AW-BX-0025.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with NMDPS to remedy the \$5,636 in questioned costs, related to unallowable overtime wages and fringe benefits costs charged to Grant Numbers 2011-AW-BX-0007 and 2013-AW-BX-0025.

NMDPS concurred with our recommendation and provided signed forms approving journal entries to credit \$5,385 to Grant Number 2011-AW-BX-0007 and \$251 to Grant Number 2013-AW-BX-0025. However, NMDPS did not provide support that the journal amounts were credited to the general ledgers for the grants. Additionally, since Grant Number 2011-AW-BX-0007 is already closed and all grant funds were previously drawn down, an adjusting journal entry crediting the \$5,385 in its general ledger for the grant will not remedy the questioned costs. NMDPS also provided updated excerpts from their policies and procedures that addressed the advance authorization of overtime through written approval from the awarding agency.

This recommendation can be closed when we receive documentation that OJP coordinated with NMDPS to remedy the \$5,636 in unallowable overtime wages and fringe benefits costs charged to Grant Numbers 2011-AW-BX-0007 and 2013-AW-BX-0025.

2. Coordinate with NMDPS to ensure that the financial information reported in FFRs is accurate.

Closed. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with NMDPS to obtain a copy of written policies and procedures, developed and implemented, to ensure that future FFRs are accurate.

NMDPS concurred with our recommendation and updated excerpts from its policies and procedures that addressed the reporting of actual funds expended and maintaining support documentation for award expenditures.

We reviewed NMDPS's updated policies and procedures and determined that it adequately addressed our recommendation. Therefore, this recommendation is closed.

3. Coordinate with NMDPS to develop and implement procedures to ensure that progress reports are accurate and supported.

Closed. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with NMDPS to obtain a copy of written policies and procedures, developed and implemented, to ensure that future semi-annual progress reports are accurate and supported.

NMDPS concurred with our finding that it incorrectly reported performance measures in its progress reports for Grant Numbers 2011-AW-BX-0007 and 2012-DS-BX-0002. However, for Grant Number 2011-AW-BX-0007, NMDPS disagreed with two of the progress report facts as determined by our audit.

- For the July to December 2012 progress report, we identified 144 attendees trained that period. NMDPS maintains that only 135 attendees were trained and that the remaining 9 attendees listed on the sign-in sheets were trainers. However, NMDPS did not provide any additional documentation to support that nine of the attendees listed on the sign-in sheets were trainers.
- For the January to June 2013 progress report, we identified 107 attendees trained that period. NMDPS concurred that the number of trainees it reported for that period was inaccurate but indicated that only 105 attendees were trained. However, NMDPS did not provide any additional documentation supporting that two of the attendees listed on the sign-in sheets were not trained.

Nonetheless, NMDPS's response also included updated excerpts from its policies and procedures that addressed the collection of appropriate and accurate data to meet reporting requirements and to make available valid and auditable source documentation for each performance measure.

We reviewed NMDPS's updated policies and procedures and determined that it adequately addressed our recommendation. Therefore, this recommendation is closed.

4. Assess NMDPS's ability to complete program goals for Grant Number 2013-AW-BX-0025 prior to the end of the award.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will assess NMDPS's ability to complete program goals for Grant Number 2013-AW-BX-0025 and, if needed, encourage NMDPS to submit a Grant Adjustment Notice to request a no-cost extension for this award.

NMDPS concurred with our recommendation and implemented three new procedures. The first two would use a grant template to ensure that data collection is accurate and timely for performance measures and to track the progress and deadlines of grant requirements. The last procedure mandates formalized training for each Grant Management Analyst. NMDPS's response also included updated excerpts from its policies and procedures that addressed financial reporting, program performance reporting, and the use of templates to track the progress of goals and objectives. However, the documentation provided by NMDPS only addresses changes in procedures for tracking grant performance. NMDPS did not provide a response directly addressing the recommendation nor did it provide any documentation assessing its ability to complete the program goals for Grant Number 2013-AW-BX-0025 prior to the end of the award. However, NMDPS indicated in its response to recommendation 5, that it is coordinating with OJP for an extension on Grant Number 2013-AW-BX-0025 to complete program requirements.

This recommendation can be closed when we receive documentation that OJP assessed NMDPS's ability to complete program goals for Grant Number 2013-AW-BX-0025 prior to the end of the award.

5. Coordinate with NMDPS to develop policies and procedures to ensure that federal funds are not obligated or expended prior to the OCFO approved budget date.

Closed. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with NMDPS to obtain a copy of written policies and procedures, developed and implemented, to ensure that federal funds are not obligated or expended prior to the approved budget start date for the award.

NMDPS concurred with our recommendation and updated excerpts from its policies and procedures that addressed the review of award documents to identify program start and end dates. The policies and procedures manual also states that obligations for funds must occur during the project period.

We reviewed NMDPS's updated policies and procedures and determined that it adequately addressed our recommendation. Therefore, this recommendation is closed.

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