



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

OVERSIGHT ★ INTEGRITY ★ GUIDANCE



Audit of the Office of Justice Programs Victim Assistance Grants Awarded to the New Jersey Department of Law and Public Safety, Trenton, New Jersey



Executive Summary

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Objective

The objective of the audit was to evaluate how the New Jersey Department of Law and Public Safety (NJ DLPS) designed and implemented its crime victim assistance program. To accomplish this objective, we assessed performance in the following areas of grant management: (1) grant program planning and execution, (2) program requirements and performance reporting, (3) grant financial management, and (4) monitoring of subrecipients.

Results in Brief

As a result of our audit, we concluded that NJ DLPS did not meet all of the grant requirements, particularly regarding: (1) obligating and expending funds within the project period (2) awarding funds to subrecipients in a timely manner, (3) monitoring compliance with priority area funding requirement, (4) ensuring annual performance reports were complete and accurate, (5) administering and monitoring subrecipient awards, (6) awarding funds to subrecipients in a timely manner. We also identified \$75,334 in questioned costs. Despite these weaknesses we found NJ DLPS conducted adequate strategic planning and increased the number of projects funded and scope of services provided and had an adequate financial management system in place.

Recommendations

Our report contains seven recommendations to the Office of Justice Programs (OJP) to assist NJ DLPS in improving its grant management and administration and to remedy questioned costs. We requested a response to our draft audit report from NJ DLPS and OJP, which can be found in Appendix 3 and 4, respectively. Our analysis of those responses is included in Appendix 5.

Audit Results

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of four VOCA victim assistance formula grants awarded by OJP's Office for Victims of Crime (OVC) to NJ DLPS in Trenton, New Jersey. These formula grants, totaling \$177.5 million from fiscal years 2014 to 2017, were provided from the Crime Victims Fund (CVF) to enhance crime victim services in New Jersey. As of April 2020, NJ DLPS drew down a cumulative amount of \$111.2 million for all of the grants we audited.

Program Planning and Execution – While we found NJ DLPS conducted adequate strategic planning and increased the number and scope of projects funded, we identified that NJ DLPS was unable to distribute funds in a timely manner to subrecipients because it was understaffed and lacked policies and procedures for prioritizing funding based on subrecipient financial need. Further, NJ DLPS inadequately monitored compliance with the priority funding requirement because it did not have specific staff assigned to monitor compliance, lacked written procedures, and monitored compliance based on potential funds awarded to subrecipients rather than actual funds awarded.

Grant Financial Management – We determined NJ DLPS's policies and procedures were ineffective in detecting unallowable and unsupported expenditures. For example, from our onsite subrecipient testing we identified \$75,334 in reimbursements for transactions that were not appropriately supported.

Subrecipient Reporting and Monitoring – We found that NJ DLPS did not conduct site visits every 2 years for each subrecipient, as required by federal criteria and NJ DLPS procedures. NJ DLPS did not obtain reasonable assurance that its annual progress reports were accurate because it did not validate reported subrecipient victim statistics during its site visits or other reviews, and lacked written policies or procedures to ensure the accuracy of data submitted in performance reports.

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VICTIM ASSISTANCE GRANTS AWARDED TO THE
NEW JERSEY DEPARTMENT OF LAW AND PUBLIC SAFETY,
TRENTON, NEW JERSEY**

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INTRODUCTION

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of four victim assistance formula grants awarded by the Office of Justice Programs (OJP), Office for Victims of Crime (OVC) to the New Jersey Department of Law and Public Safety (NJ DLPS) in Trenton, New Jersey. The OVC awards victim assistance grants annually from the Crime Victims Fund (CVF) to state administering agencies. As shown in Table 1, from fiscal years (FY) 2014 to 2017, these OVC grants awarded to NJ DLPS totaled \$177,557,262.

Table 1
Audited Grants
Fiscal Years 2014 – 2017

Award Number	Award Date	Award Period Start Date	Award Period End Date	Award Amount
2014-VA-GX-0032	9/16/2014	10/1/2013	9/30/2017	\$12,416,634
2015-VA-GX-0021	9/15/2015	10/1/2014	9/30/2018	\$53,992,667
2016-VA-GX-0072	9/19/2016	10/1/2015	9/30/2019	\$60,868,131
2017-VA-GX-0058	9/28/2017	10/1/2016	9/30/2020	\$50,279,830
Total:				\$177,557,262

Note: Grant funds are available for the fiscal year of the award plus 3 additional fiscal years.

Source: OJP Grants Management System

Established by the Victims of Crime Act (VOCA) of 1984, the CVF is used to support crime victims through DOJ programs and state and local victim services.¹ The CVF is supported entirely by federal criminal fees, penalties, forfeited bail bonds, gifts, donations, and special assessments. The OVC annually distributes proceeds from the CVF to states and territories. The total amount of funds that the OVC may distribute each year depends upon the amount of CVF deposits made during the preceding years and limits set by Congress (the cap).

In FY 2015, Congress significantly raised the previous year's cap on CVF disbursements, which more than quadrupled the available funding for victim assistance grants from \$455.8 million to \$1.96 billion. In FY 2016, Congress raised the cap again, increasing the available funding for victim assistance to \$2.22 billion. For FY 2017, \$1.8 billion was available for victim assistance. The OVC allocates the annual victim assistance program awards based on the amount available for victim

¹ The VOCA victim assistance formula program is funded under 34 U.S.C. § 20103.

assistance each year and a state's population. As such, the annual VOCA victim assistance grant funds available to NJ DLPS increased from \$12.41 million in FY 2014 to nearly \$54 million in FY 2015, \$60.86 million in FY 2016, and over \$50 million in FY 2017.

VOCA victim assistance grant funds are to support the provision of direct services – such as crisis intervention, assistance in filing restraining orders, counseling in crises arising from the occurrence of crime, and emergency shelter – to victims of crime. The OVC distributes these assistance grants to states and territories, which in turn fund subawards to public and private nonprofit organizations that directly provide the services to victims. Eligible services are efforts that: (1) respond to the emotional and physical needs of crime victims, (2) assist primary and secondary victims of crime to stabilize their lives after a victimization, (3) assist victims to understand and participate in the criminal justice system, and (4) provide victims of crime with a measure of safety and security.

The Grantee

As the state administering agency (SAA) for New Jersey, NJ DLPS is responsible for administering the VOCA victim assistance program. According to its website, the mission of NJ DLPS is to protect the life and property of New Jersey residents. NJ DLPS's 7,700 employees are responsible for protecting citizens' civil and consumer rights, promoting highway traffic safety, maintaining public confidence in the alcoholic beverage, gaming, and racing industries, and providing legal services and counsel to other state agencies. Within NJ DLPS, the Office of Attorney General (OAG) is responsible for the fiscal and programmatic oversight of the VOCA grants. OAG, with respect to the VOCA grants, conducts strategic planning, subaward allocation, submission of Federal Financial Reports (FFRs), and the annual certification of VOCA performance statistics. NJ DLPS relies on OAG's Subrecipient Monitoring Unit (SMU) to develop subrecipient monitoring policies and procedures, conduct subrecipient site visits and subrecipient desk reviews, and provide technical assistance and training to subrecipients. NJ DLPS relies on OAG's Grants Development Section (GDS) for the day-to-day administration of over 500 VOCA and Non-VOCA subgrants. GDS program analysts assess subrecipient risk, score competitive applications, review and approve subrecipient budget proposals, approve subrecipient post-award requests, and review and approve State of New Jersey quarterly performance reports submitted by subrecipients. GDS staff are responsible for the review and approval of subrecipient reimbursement requests.

At the time of our fieldwork, we observed that NJ DLPS's VOCA subrecipients were comprised of state government components, county governments, and non-profit organizations. NJ DLPS relied on the subrecipients to deliver a cross-section of direct victim services that included services for victims of child abuse, domestic violence, sexual assault, as well as crime victims from underserved communities.

OIG Audit Approach

The objective of this audit was to evaluate how NJ DLPS designed and implemented its crime victim assistance program. To accomplish this objective, we

assessed performance in the following areas of grant management: (1) grant program planning and execution, (2) program requirements and performance reporting, (3) grant financial management, and (4) monitoring of subrecipients.

We tested compliance with what we consider the most important conditions of the grants. Unless otherwise stated in our report, we applied the authorizing VOCA legislation; the VOCA victim assistance program guidelines (VOCA Guidelines) and Final Rule; the OJP Financial Guide and DOJ Grants Financial Guide (Financial Guide); and 2 C.F.R. 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) as our primary criteria.² We also reviewed relevant NJ DLPS policy and procedures and interviewed NJ DLPS personnel to determine how they distributed and administered VOCA funds. We conducted site visits of select subrecipients, interviewed subrecipient personnel, and obtained and reviewed NJ DLPS and subrecipient records reflecting grant activity.³

² The OJP Financial Guide governs the FY 2014 grant in our scope, while the revised DOJ Grants Financial Guide applies to the FY 2015 to FY 2017 awards. In this report we will refer to the applicable requirements for each award under the singular term Financial Guide.

³ Appendix 1 contains additional information on the audit's objective, scope, and methodology, as well as further detail on the criteria we applied for our audit. Appendix 2 presents a schedule of our dollar-related findings.

AUDIT RESULTS

Grant Program Planning and Execution

VOCA victim assistance awards are intended to enhance crime victim services, principally through subawards to local community-based organizations. The OVC distributes VOCA victim assistance grants to SAAs, which have the discretion to select subrecipients from among eligible organizations that provide direct services to crime victims and, additionally, must distribute the majority of the funding to those organizations. Based on the VOCA Guidelines, NJ DLPS, as the SAA, must give priority to victims of sexual assault, domestic abuse, and child abuse. Under this program, NJ DLPS must also make funding available for previously underserved populations of violent crime victims. We found that NJ DLPS distributed the funding to community-based victim coalitions with multiple members and to organizations that provide direct services to victims, such as rape treatment centers, domestic violence shelters, centers for missing children, and other community-based support organizations.

As part of our audit, we assessed NJ DLPS's overall plan to allocate and award victim assistance funding. We reviewed how NJ DLPS planned to distribute its available victim assistance grant funding, made subaward selection decisions, and informed its subrecipients of necessary VOCA requirements. Overall, we determined that NJ DLPS adequately identified and planned to meet additional victim service needs with its increased FY 2015 – 2017 funding, as discussed below. We did not identify issues with NJ DLPS's process to select subrecipients, and we found that NJ DLPS adequately communicated applicable award requirements to the selected subrecipients. However, although DLPS was able to use its additional funding to increase its pool of subrecipients and the overall number of projects funded with its FY 2015 and 2016 awards, we are concerned about the challenges and risks associated with the significant balances that remain on NJ DLPS's 2016 and 2017 awards and the timeliness of the NJ DLPS subaward process.

Subaward Allocation Plan

In response to the significant increase in CVF-available funding, the OVC required FY 2015 VOCA Victim Assistance Formula applicants to submit subrecipient funding plans detailing what efforts would be taken to identify additional victim service needs, as well as subaward strategies to allocate the substantial increase in available funding. The VOCA Guidelines recommend that SAAs conduct strategic planning to maximize the delivery of services to victims and identify unmet victim needs as a component of the funding strategy.⁴ In response, NJ DLPS stated in its FY 2015 grant application its intention to allocate the increased funds to:

⁴ According to the VOCA Guidelines, SAAs are encouraged to develop a funding strategy that should consider the following: the range of direct services throughout the State and within communities; the sustainability of such services; the unmet needs of crime victims; the demographic profile of crime victims; the coordinated, cooperative response of community organizations in organizing direct services; the availability of direct services throughout the criminal justice process, as well as to victims who are not participating in criminal justice proceedings; and the extent to which other sources of funding are available for direct services.

(1) enhance the delivery of victim advocate services through the hiring of additional victim advocates, including technology upgrades for existing victim advocates, (2) enhance the delivery of sexual assault services through increased funding for Sexual Assault Response Teams (SART) and Forensic Nurse Examiners (FNE), (3) enhance the delivery of services to victims of human trafficking which comprised an underserved victim population, and (4) enhance victim services for culturally underrepresented victims. To instruct its allocation decisions, NJ DLPS relied on a statewide needs assessment. According to the needs assessment, over victim service organizations throughout New Jersey were surveyed to identify gaps in services and to identify what classes of victims were underserved. Additionally, NJ DLPS formed two working groups to solicit the input from major subrecipient programs as well as solicit best practices from other SAAs to ensure that NJ DLPS's allocation of funds maximized the delivery of victim services. Because NJ DLPS relied on an allocation methodology that was based on a needs assessment and was supplemented by additional strategic planning activities, we identified no exceptions with NJ DLPS plan to allocate FY 2015 VOCA funds.

We also reviewed NJ DLPS's funding plan and found the plan allocated funds to not-for-profit and governmental victim assistance programs throughout New Jersey to assist a range of victims, including victims of domestic violence, child abuse, sexual assault, elder abuse, and human trafficking. We also found that between FYs 2014 and 2015, NJ DLPS increased its number of subrecipients from 86 to 209, while expanding the number of projects funded and the scope of those projects. For example, some subrecipients used the additional funding to hire more staff and invest in fixed assets such as passenger vehicles that allowed them to expand their coverage through offering additional services.

We also reviewed NJ DLPS's spending plan and payment history. We found NJ DLPS was able to put all of its FY 2015 grant award funds to use; however, NJ DLPS did not utilize all of the award funds for the FY 2014 and FY 2016 grants, and did not appear it would be able to appropriately utilize all funds from the FY 2017 grant. The remaining unobligated award funds associated with the FY 2014 grant returned to OJP were not considered material and occurred before the significant increase in funding that started with the FY 2015 grant. More importantly, we asked officials about the \$18,269,373 in FY 2016 award funds that were returned to OJP. NJ DLPS officials told us that two causes of the unobligated balance were that fewer potential subrecipients applied for funding than anticipated and that existing subrecipients spent less of their awards than anticipated. We expressed concerns to NJ DPLS officials about the FY 2017 grant that, as of January 2020, had less than a year remaining in the award period and only 2 percent of the award amount drawn down. NJ DPLS officials told us at that time they believed they had a plan in place to appropriately utilize all FY 2017 funds. More recently, a NJ DLPS official told us that 90 percent of the FY 2017 grant had been obligated with existing subrecipients and that the remaining funds may be obligated for possible

emergency technology upgrades so that subrecipients can better work remotely to mitigate lapses in the delivery of victim services during the COVID-19 outbreak.⁵

We are aware of the challenges states face when distributing significant increases in funding. The OIG's July 2019 report, titled *OJP's Efforts to Address Challenges in Administering Crime Victim Fund Programs Audit Report* ("the Report"), noted that states would experience challenges in expending the full award amounts within award periods.⁶ First, the Report concluded that because of the timing of award distribution, states have closer to 3 years rather than full 4-year project periods to spend awards. Second, the Report cited commentary from states that expressed hesitation to obligate the full amount of grants on multi-year projects because of uncertainty over the amount of funds that will be awarded in future years; during our audit, NJ DLPS officials expressed similar concerns. Third, NJ DLPS officials echoed the Report's finding that states had difficulty identifying subrecipients that both met VOCA's eligibility requirements and are able to deliver necessary services at volumes needed.⁷ Lastly, given the multi-year award periods for the formula grants, the Report recognized that the sustained increase in award amounts and current spending patterns indicated that the challenges states have been encountering may be compounded year over year as future fiscal years come to a close and each state continues to receive additional funding.

Because we did not identify any exceptions with NJ DLPS's strategic planning process or funding plan, and we understand the numerous challenges states face in distributing VOCA funds, we took no exception with NJ DLPS's subaward allocation plan. However, we are concerned about the challenges and risks associated with significant unobligated award balances. In our view, the slow rate in using funds, resulting in significant award balances at the end of award periods, increases the risk of both wasteful spending and states being required to return unspent funds that were not used to serve victims as intended. To address these risks, we recommend that OJP provide NJ DLPS with an appropriate level of technical assistance to facilitate and enhance the process used by NJ DLPS to effectively and efficiently award available funding commensurate with the ongoing needs of victims in New Jersey.

Subaward Selection Process

The VOCA Guidelines encourage SAAs to rely on open competition to award funds to subrecipients when feasible. The VOCA Guidelines require that SAAs maintain a documented methodology for selecting all competitive and non-

⁵ COVID-19 is a strain of coronavirus that was the cause of a worldwide outbreak of an infectious respiratory disease in 2020.

⁶ U.S. Department of Justice (DOJ) Office of the Inspector General (OIG), Review of the Office of Justice Programs' Efforts to Address Challenges in Administering the Crime Victims Fund Programs, Audit Report 19-34 (July 2019), <https://oig.justice.gov/reports/2019/a1934.pdf#page=2>, (accessed January 27, 2020), 10-17.

⁷ The VOCA Guidelines limit eligible subrecipients to those that have demonstrated a record of effective direct services and receive at least 25 percent of the program's funding from sources other than the Crime Victims Fund.

competitive subrecipients. To assess how NJ DLPS selected subrecipients and awarded CVF funds, we interviewed NJ DLPS officials and reviewed the state funding plan, subrecipient selection procedures, Notice of Available Funds (NOAF), public advertisements of NOAFs, and proposal scoring sheets.⁸ NJ DLPS relied on the Internal Policies and Procedures Manual as its documented methodology for both selecting subrecipients non-competitively and competitively for each of the years included in our audit scope. Overall, we found no exceptions with the process NJ DLPS used to select subrecipients.

We determined that NJ DLPS had a deliberative process for determining which subrecipients would receive their awards through open competition. We reviewed NJ DLPS's Internal Policies and Procedures Manual and found that it allowed NJ DLPS to award funds either competitively or non-competitively. NJ DLPS officials told us it awarded funds to county governments and state government components through a non-competitive process, while non-profit subrecipients were selected through open competition. NJ DLPS officials told us domestic violence and sexual assault victim advocacy services are provided through 21 county prosecutor offices and open completion was unfeasible because it could leave the counties that lost the competition with service gaps. Moreover, NJ DLPS officials told us that some programs, such as the state-wide victim notification hotline and prison-based victim services, are administered through the state and therefore open competition would also be unfeasible. NJ DLPS officials told us non-competitively selected subrecipients still must apply for funding in order to receive awards, and the NOAF is held annually with project periods ranging from 12 to 18 months.⁹ Last, according to NJ DLPS officials, non-profits provide victim services that are otherwise not provided by the state or county governments, such as legal assistance to victims, elder abuse victim services, underserved minority community victim services, and human trafficking victim services. According to NJ DLPS officials, non-profit subrecipients are awarded competitively because there could be multiple providers capable of providing the service. NJ DLPS officials told us a NOAF for non-profit subrecipients is held annually where winning subrecipients receive awards for 24-month project periods. Additionally, during our site visits, no subrecipient took exception with NJ DLPS process for awarding funds competitively or non-competitively based on whether the applicant was a unit of government or non-profit organization. As a result, we take no exception because NJ DLPS relied on a deliberative process to determine which subrecipients would receive funds, either non-competitively or competitively.

Based on our discussions with NJ DLPS officials and the review of NJ DLPS documentation, we found NJ DLPS's award process had adequate separation of duties and provided adequate public notification of the opportunity to apply for VOCA funds. First, the NOAF was drafted by either the GDS manager or section chief and reviewed and approved by OAG's legal affairs department prior to being advertised in the New Jersey Bulletin, as well as being posted to OAG's website.

⁸ Notice of Available of Funds (NOAF) is the term for the process that NJ DLPS relies on to publicize the availability of funds and select subrecipients from the applicants that respond to the NOAF. The NOAF process is otherwise indistinguishable from a Request for Proposal (RFP) process.

⁹ The project periods of NJ DLPS's subawards may overlap each other.

Additionally, we found that for the FY 2016 award, NJ DLPS officials held publicized pre-application conferences throughout the state to ensure that victim service organizations were provided with additional notification. Second, according to NJ DLPS officials, NJ DLPS's applications were then received, date stamped, and tracked by the OAG acting administrator's secretary. Third, based on NJ DLPS procedures, the competitive applications were then reviewed by a committee comprising NJ DLPS program component staff, non-program component NJ DLPS officials, and other New Jersey state employees familiar with scoring competitive grant applications. Fourth, the scored applications were reviewed and approved by the Section Chief. Last, the final scoring and selection of the applications was reviewed and approved by NJ DLPS's Consolidated Grants Management Office for final approval. Based on our discussions with NJ DLPS officials, review of NJ DLPS procedures, and review of NOAF documentation, we found NJ DLPS's implemented award process appeared to be adequately separated as there was no single point of control in the selection of subrecipients and available funding was adequately publicized. As a result, we took no exception with NJ DLPS subrecipient selection process.

Subawarding Process

The project period of the subgrant listed on the award document establishes the time period where subgrant funds may be expended to achieve the subgrant's objectives. A prudent grantor awards funds to their subrecipients prior to the project period start date or shortly thereafter to ensure that the program can be fully implemented within the project period. During our site visits, we noted that three of the six subrecipients expressed concerns about NJ DLPS's untimely awarding of funds. We found Subrecipient A was awarded funds more than 6 months into its project period and had to delay purchasing a vehicle and other technical equipment necessary to improve the delivery of sexual assault services. We found Subrecipient E was awarded funds more than 7 months into its project period and had to resort to utilizing non-VOCA sources of funding to fund the VOCA program. In addition, Subrecipient F was awarded funds more than 9 months into its project period and had to draw upon a line of credit to fund VOCA subgrant activities. Because of these observations, we selected a sample of 17 subaward documents to evaluate whether NJ DLPS frequently awarded funds more than a month after the project period began. We determined that 15 of 17 subawards we reviewed were awarded more than 1 month after the subrecipient's project period began. NJ DLPS officials told us it relies on eight program analysts to administer over 500 VOCA and non-VOCA subgrants, and NJ DLPS staff recognized that their workload was the greatest challenge in the oversight of VOCA subrecipients. Additionally, we observed no documented policies and procedures in place to prioritize the awarding of funds based on subrecipient financial need. When funds are not awarded in a timely manner, subrecipients face the risk of incomplete accomplishment of programmatic goals and objectives, and subrecipients are unduly burdened with finding alternate sources of funding to fund VOCA goals and objectives until funding is awarded. We recommend OJP ensure that NJ DLPS develops and implements policies and procedures that facilitate the timely awarding of VOCA funds.

Subaward Requirements

SAAAs are required to communicate VOCA requirements to their subrecipients. We reviewed documents provided to subaward recipients by NJ DLPS and found that the documents conveyed VOCA-specific award limitations, restrictions on the use of VOCA funds, and described the reporting requirements to subrecipients. In reviewing these documents, we found that NJ DLPS made its subrecipients aware of the requirement to follow the Uniform Guidance and VOCA victim assistance grant special conditions NJ DLPS received in its award documentation from OJP. We found that NJ DLPS satisfied the requirement to communicate VOCA requirements to its subrecipients.

Program Requirements and Performance Reporting

We reviewed NJ DLPS's distribution of VOCA funding through subawards to determine whether funds were provided to local community-based organizations that serve crime victims or enhance crime victim services. We also reviewed NJ DLPS's performance documents and measures that were used to track goals and objectives, as well as the OVC solicitations and award documents that established the special conditions governing NJ DLPS award activity.

Based on our analysis, we believe that NJ DLPS: (1) fulfilled the distribution requirements to priority victim groups; however, the SAA is at risk of failing to comply with the requirement due to weak internal controls used to track actual allocation amounts; (2) did not implement adequate procedures to submit accurate annual performance reports; and (3) generally did comply with the remaining special conditions we tested.

Priority Areas Funding Requirement

VOCA Guidelines required that NJ DLPS award a minimum of 10 percent of total grant funds to programs that serve victims in four categories: (1) child abuse, (2) domestic abuse, (3) sexual assault, and (4) the previously underserved. The VOCA Guidelines give each SAA latitude for determining the method for identifying "previously underserved" crime victims.¹⁰ NJ DLPS, as part of its FY 2015 application for VOCA funds, submitted a Statement Regarding Preliminary Plan to Subgrant Funds that showed NJ DLPS identified its previously underserved victims as human trafficking victims, child victims, disabled victims, elderly victims, and culturally underrepresented victims, such as victims from the Hispanic and Southeast Asian communities. NJ DLPS officials, during our fieldwork, confirmed that the victims identified in its FY 2015 Statement Regarding Preliminary Plan to Subgrant Funds was accurate. We found that NJ DLPS relied on a statewide needs assessment to identify the abovementioned classes of victims as underserved and therefore we take no exception with the process NJ DLPS utilized because it was in accord with the VOCA Guidelines.

¹⁰ Methods for identifying "previously underserved" victims may include public hearings, needs assessments, task forces, and meetings with statewide victim services agencies.

Based on our review of the priority funding allocations in the Performance Measurement Tool (PMT), we determined that NJ DLPS met the priority funding allocations for FYs 2014 and 2015, and was on track to satisfy the requirement for FYs 2016 and 2017. However, we found that procedures for tracking compliance with the requirement need improvement. Although NJ DLPS was able to demonstrate compliance with the requirement, it is at risk of failing to comply with requirements due to weak controls currently in place to track allocations.

To assess whether NJ DLPS was on track to meet VOCA's distribution requirements, we examined how NJ DLPS allocated subawards and tracked compliance with the priority area funding requirement. NJ DLPS officials were aware of the priority area funding requirement, and these officials confirmed that priority area categories were used to inform the allocation of funds. Yet, NJ DLPS officials did not know which NJ DLPS personnel were responsible for tracking compliance with the priority funding requirement after funds were awarded. Further, NJ DLPS officials told us that its accounting system did not assign unique codes to track each priority area category. Initially, we were told by NJ DLPS officials that, because priority funding areas were a data field within the PMT, the Research Manager was responsible for monitoring compliance as the Research Manager was the subrecipient point of contact for PMT. However, we interviewed the Research Manager and we were told they are not responsible for monitoring compliance and they were never asked to produce a report from the PMT system by NJ DLPS management.

Ultimately, we found NJ DLPS compliance tracking was limited to the acting administrator's secretary who recorded the class of victim an applicant intended to serve against the priority area category at the time the application was received. We found this process to be insufficient because it was based on budgets proposed by applicants rather than actual funds allocated and subawarded. We also found NJ DLPS lacked policies and procedures that specified the staff responsible for monitoring compliance and the frequency of review and what records were to be relied upon to monitor compliance. Moreover, we were told that staff turnover caused confusion as to the staff responsible for monitoring compliance.

When SAA's lack policies and procedures to assign staff responsibility for complying with and monitoring priority funding areas, SAAs risk failing to comply with the priority areas funding requirement. We recommend OJP ensure NJ DLPS develop and implement policies and procedures to monitor compliance with the priority area funding requirement.

Annual Performance Reports

Each SAA must annually report to the OVC the activities funded by any VOCA awards active during the fiscal year. These reports are to include the number of (1) agencies funded, (2) VOCA subawards, (3) victims served, and (4) victim services funded by VOCA victim assistance grants. OJP's guidance states that the SAAs and subrecipients should prorate performance data if they cannot track grant-funded

activity separately.¹¹ In FY 2016, the OVC also began requiring SAAs to submit quarterly performance data through its web-based PMT. With this system, SAAs may provide subrecipients direct access to report quarterly data for SAA review, although the OVC still requires that if the subrecipient completes the performance measure data entry directly, the SAA must approve the data.

At the time of our fieldwork, NJ DLPS had submitted annual performance reports to OVC for FYs 2015 through 2018. We discussed with NJ DLPS officials how they compiled the performance report data from their subrecipients to complete the annual reports. According to a NJ DLPS official, subrecipients reported performance statistics directly into PMT and are required to submit an alternate quarterly state-defined performance report to NJ DLPS that have similar, although not identical, data fields to the fields captured in the PMT report. According to the NJ DLPS official, the Research Manager printed the statistics each subrecipient submits and provides it to the program analyst who adds the printout to the subgrant file. A NJ DLPS official told us that while it has this process in place, written procedures for the review of the PMT statistics and the staff responsible for the certification of the annual report in PMT were not documented. Additionally, NJ DLPS staff were unaware which staff member was responsible for certifying the annual performance report. Moreover, NJ DLPS, during its routine subgrant monitoring, desk reviews, or site visits, did not request supporting documentation to validate the completeness and accuracy of subrecipient submissions of quarterly reports. As a result, we believe NJ DLPS did not obtain reasonable assurance as to the completeness and accuracy of its PMT program performance reporting and lacked adequate internal controls to ensure performance reports were consistently prepared and reviewed. Therefore, we determined NJ DLPS's annual reports may not be complete and accurate because no steps were taken to ensure the validity of the data used to prepare the reports.

To determine whether the annual performance reports submitted by NJ DLPS accurately reflected the activity of the grants, we judgmentally tested performance statistics from the Annual Performance Reports by comparing the performance statistics to summary spreadsheets that NJ DLPS provided. Our testing covered the following reporting periods: October 1, 2014, through September 30, 2015; October 1, 2015, through September 30, 2016; October 1, 2016, through September 30, 2017; and October 1, 2017, through September 30, 2018. While we found the summary spreadsheets NJ DLPS provided reconciled to its FY 2017 Annual Performance Report, the FY 2015, FY 2016, and FY 2018 Annual Performance Reports did not reconcile to the summary spreadsheets. NJ DLPS was unable to explain the variance between the spreadsheets provided and the PMT statistics. Further, we determined that the data in the summary spreadsheets was not always accurate or supportable based on the results of subrecipient testing as discussed below.

¹¹ Grant management personnel from the OVC's State Compensation and Assistance Division (SCAD) confirmed it is the OVC's expectation that performance reports capture only VOCA-funded activity. This is articulated in OJP's PMT reference materials, and OJP officials stated that they have discussed prorating performance data through discussions with subrecipients, webinar trainings, and calls to the PMT Helpdesk.

To obtain additional assurance about the completeness and accuracy of NJ DLPS's summary spreadsheets, we performed site visits at six subrecipients. As part of our fieldwork, we reconciled subrecipient performance statistics reported to OVC to source documents. In so doing, we found three of the six subrecipients we visited funded their subgrants with a combination of VOCA and non-VOCA sources and failed to prorate victim statistics based on the specific source of funding.¹² We found at all six sites that supporting documentation provided by the subrecipient did not reconcile to the subrecipient's PMT quarterly reporting. Additionally, we identified a subrecipient that reported VOCA-ineligible activity within its PMT reports. We also found NJ DLPS did not validate PMT reported subrecipient victim statistics during its site visits or other reviews, and that NJ DLPS did not have written policies or procedures to ensure the accuracy of data submitted in performance reports. Failure to ensure complete and accurate performance reporting undermines OVC's ability to demonstrate the value and specific benefits of the program to government agencies, the victim services field, the general public, and other stakeholders. We recommend OJP ensure NJ DLPS develops and implements policies and procedures that ensure annual performance reports are complete and accurate, supported by verifiable data, and periodically validated as part of its monitoring process.

Compliance with Special Conditions

The special conditions of a federal grant award establish specific grant recipient requirements. We reviewed the special conditions for each VOCA victim assistance grant we audited and identified three that we deemed significant to grant performance that were not tested under any of the other areas we reviewed for compliance. We tested compliance with the special conditions imposed on NJ DLPS regarding: (1) attending the annual VOCA National Training Conference, (2) Federal Funding Accountability and Transparency Act of 2006 reporting of first-tier subawards of \$25,000 or more, and (3) OJP financial management and grant administration training for Point of Contact and Financial Points of Contact. We found that NJ DLPS complied with all three of the special conditions we tested.

Grant Financial Management

Award recipients must establish an adequate accounting system and maintain financial records that accurately account for awarded funds. To assess the adequacy of NJ DLPS's financial management of the VOCA grants, we reviewed the process NJ DLPS used to administer these funds by examining expenditures charged to the grants, subsequent drawdown (funding) requests, and resulting financial reports. To further evaluate NJ DLPS's financial management of the VOCA grants, we also reviewed the State of New Jersey's Single Audit Reports for FYs 2017 and 2018 that specifically related to NJ DLPS. We found the FY 2017 and 2018 Single Audit Reports identified no exceptions with NJ DLPS's grant financial management. We also interviewed NJ DLPS personnel responsible for financial

¹² Our audit fieldwork at subrecipients is discussed in greater detail later in this report.

aspects of the grants, reviewed NJ DLPS written policies and procedures, inspected award documents, and reviewed financial records.

In our overall assessment of grant financial management, we determined that NJ DLPS has an adequate financial management system in place, but NJ DLPS did not always use the system as it was designed to facilitate effective grant financial management. We found both unsupported and unallowable expenditures that were missed by NJ DLPS when it reviewed subrecipient expenses as part of its monitoring process.

Grant Expenditures

State administering agency victim assistance expenses fall into two overarching categories: (1) reimbursements to subrecipients – which constitute the vast majority of total expenses, and (2) administrative expenses – which are allowed to total up to 5 percent of each award. 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 from each of these categories by reviewing accounting records and verifying supporting documentation for select transactions.

Subaward Expenditures

Subrecipients request reimbursement payments from NJ DLPS via submitting a detailed cost statement along with supporting documentation for all expenditures on a monthly or quarterly basis. As of June 2019, we found that NJ DLPS paid a total of \$86,467,357 to its subrecipients with the VOCA victim assistance program funds in the scope of our audit.

To evaluate NJ DLPS's financial controls over VOCA victim assistance grant expenditures, we reviewed a sample of subrecipient reimbursement transactions to determine whether the payments were accurate, allowable, and in accordance with the VOCA Guidelines. We judgmentally selected transactions submitted by the six subrecipients we visited. The transactions we reviewed included costs in the following categories: (1) personnel, (2) fringe benefits, (3) travel, (4) contracts/consultants, (5) supplies, (6) equipment, (7) training, and (8) miscellaneous operating costs. The majority of the costs in our sample represented subrecipient personnel and fringe benefits. Specifically, we sampled 226 transactions totaling \$825,442, and we found \$75,334 in unsupported costs. Table 2 below lists the total reimbursement payments NJ DLPS made to the subrecipients, the amount of expenditures we sample tested, and the unsupported expenditures we identified for each subrecipient.

Table 2
NJ DLPS Subrecipient Expenditures Tested and
Unsupported Expenditures as of June 2019

Subrecipient	Organization Type	Victim Service Type	Total Payments	Sample Total	Unsupported Expenditures
A	County Government	Victim Advocacy	\$ 2,096,006	\$ 224,667	\$ 0
B	University	Sexual Assault	3,025,804	203,779	41,875
C	State Government	Victim Notification and Forensic Nurse Examination	6,217,016	66,874	0
D	County Government	Victim Advocacy	1,569,829	206,621	0
E	Non-Profit	Violent Crime	156,047	74,253	28,415
F	Non-Profit	Human Trafficking	2,246,446	49,248	5,044
Total:			\$ 15,311,148	\$ 825,442	\$ 75,334

Source: NJ DLPS and Subrecipient Records

We found NJ DLPS ranked subrecipients based on risk (discussed in further detail in the Monitoring of Subrecipients section of this report). Yet, regardless of a subrecipient's assigned risk, NJ DLPS policy required that all subrecipients submit financial support for expenditures on the Detailed Cost Statement (DCS) as a condition of receiving reimbursement.¹³ However, during our review of six subrecipients, we found NJ DLPS often deviated from its established policy of reviewing all documentation supporting subrecipient DCS reimbursement requests. Throughout our audit, we were told there was lack of staff to review all the DCS expenditures claimed by subrecipients and submitted to NJ DLPS for reimbursement.

In one instance, we found that NJ DLPS accepted Subrecipient B's personnel policy and procedures as supporting documentation for reimbursement requests of personnel expenditures rather than timesheets or personnel activity records to support the actual payroll expenditures eligible for reimbursement. Officials at the subrecipient said that documentation to support the personnel costs would be, in its view, too voluminous to provide, so it instead only provided copies of its personnel policies and procedures which NJ DLPS accepted in lieu of documentation supporting the actual expenditures. As discussed earlier, NJ DLPS's policy was to review all financial documentation that supports expenditures reported on a DCS, without exception. We found no evidence that NJ DLPS granted any subrecipient a waiver from having to provide supporting documentation in compliance with this requirement. We also found no evidence showing why NJ DLPS officials believed

¹³ Detailed Cost Statements (DCS) are the reports NJ DLPS's subrecipients submit to receive reimbursement. In order to receive reimbursement subrecipients are required to report their subgrant expenditures against subgrant approved budget categories and submit detailed financial documentation to support each expenditure.

these policies alone were sufficient to support the costs claimed. At the same subrecipient, we also found three unsupported non-personnel expenditure transactions totaling \$41,875. According to the Financial Guide, subrecipient costs must be adequately supported to include verifiable source documentation.

When performing fieldwork at Subrecipient C, we again found that NJ DLPS did not consistently require supporting documentation for much of the consultant expenditures that it reimbursed. According to the Financial Guide, consultant payments must be supported by time and effort reports. For the consultant expenditures that were reviewed, NJ DLPS accepted summary reports that did not appropriately detail time spent, and work performed by the consultant. While we do not cite any questioned costs for this subrecipient, because we found evidence of work being performed by the consultants, we also determined that NJ DLPS failed to hold the subrecipient accountable and allowed these instances of noncompliance to occur.

For Subrecipient E, we found consultants were misclassified as employees in the budget approved by NJ DLPS. In Subrecipient E's reimbursement requests, we found that supporting documentation did not accurately reflect work being performed by consultants, and the documentation did not meet requirements established in the Financial Guide. Further, according to NJ DLPS's Procedure Manual, "Divisions shall reconcile all costs with the subrecipient's approved budget to ensure expenditures are reasonable, allowable, and accurate prior to authorizing reimbursements." Our testing showed that NJ DLPS reimbursed Subrecipient E without reviewing the subrecipient's approved budget, and Subrecipient E did not provide adequate supporting documentation. Additionally, victim assistance payments for expenses such as bus passes, identification card renewals, and clothes made by Subrecipient E were also not adequately supported. As a result, we identified \$28,415 in unsupported expenditures. Finally, we found Subrecipient E charged training expenditures to the grant that were outside of the grant period. According to the Uniform Guidance and Financial Guide, subrecipients must spend the grant funds within the project period and the funds must be adequately supported. In this instance, because the amount was immaterial, we did not question the cost as unallowable but noted this as further evidence of NJ DLPS's noncompliance with grant requirements.

According to the Financial Guide, "if you are a non-federal entity that has never received a negotiated indirect cost rate, you may elect to charge a de minimis rate of 10 percent of modified total direct costs which may be used indefinitely. When using this method, cost must be consistently charged as either indirect or direct costs, but may not be double charged or inconsistently charged as both." Subrecipient F was approved to use the 10 percent de minimis rate applied to total direct costs, minus rent. We found Subrecipient F also used an allocation rate to charge a number of expenses, including supplies, insurance, rent, utilities, information technology, and telephones, as direct costs. Subrecipient F officials stated that it applied a percentage amount to its budget as the source of its allocation percentage, but was not able to provide a specific method for how it allocated costs. Because Subrecipient F was unable to provide an allocation method, we are questioning \$5,044 of allocated costs charged to the grants as

unsupported. In addition, as stated in the Financial Guide, if indirect costs are charged as indirect, the subrecipient cannot then use an allocation percentage and charge costs as direct. Because Subrecipient F also used an allocated rate to charge direct costs, we would consider these indirect costs. Therefore, we believe Subrecipient F may have charged the costs both as indirect with the de minimis indirect cost rate and as direct using an allocated cost rate.

Overall, we found that it was NJ DLPS's policy to review all expenditure documentation supporting subrecipient reimbursement requests. However, the issues we identified demonstrate that NJ DLPS did not always follow its policy. Specifically, we identified reimbursement requests that NJ DPLS approved despite containing costs that were not fully supported or not approved in the subrecipients budget with NJ DPLS. As a result, we recommend NJ DLPS develop and implement an effective and efficient method for testing subrecipient DCSs taking into consideration a subrecipient's assigned risk rating and NJ DLPS staffing constraints to provide reasonable assurance expenditures are in compliance with laws, regulations, and provisions in the award. Additionally, based on the results of our subrecipient expenditure testing, we recommend that OJP remedy \$75,334 in unsupported subrecipient costs.

Administrative Expenditures

State administering agencies may retain up to 5 percent of each VOCA grant to pay for the administration of its crime victim assistance program and for training. For the victim assistance grant program, we tested NJ DLPS's compliance with the 5 percent limit on the administrative category of expenses, as shown in Table 3.

Table 3
Administrative Expenditures as of June 2019

Award Number	Total Award	Administrative Expenditures Charged	Administrative Percentage based on Expenditures Charged
2014-VA-GX-0032	\$ 12,416,634	\$ 620,831	5%
2015-VA-GX-0021	53,992,667	2,111,799	4%
2016-VA-GX-0072	60,868,131	472,760	1%
2017-VA-GX-0058	50,279,830	0	0%

Source: GMS and NJ Accounting Records

We found that NJ DLPS did not exceed the 5 percent administrative expense limit. We compared the total administrative expenditures charged to the grants against the general ledger and determined that NJ DLPS complied with the limit.

In addition to testing NJ DLPS's compliance with the 5 percent administrative allowance, we also tested a sample of these administrative transactions. At the time of our review, NJ DLPS had not spent administrative funds for the

2017-VA-GX-0058 grant. We judgmentally selected one payroll transaction from the 2014-VA-GX-0032, 2015-VA-GX-0021, and the 2016-VA-GX-0072 grants. Each personnel transaction included 3 months of grant personnel and fringe benefit charges and these costs represented the majority of the administrative expenditures charged to the awards we reviewed. In reviewing the transactions, we found one exception where NJ DLPS overcharged the 2014-VA-GX-0032 grant by \$4,762 in personnel and fringe benefit costs. NJ DLPS agreed with our assessment and reimbursed the CVF fund for the error by issuing a disbursement check to the Department. We did not identify any exceptions in the other awards we tested and believe this was a one-time administrative error and did not appear to be a systemic weakness in NJ DLPS's program controls.

In addition, we judgmentally selected 20 non-personnel and fringe benefit transactions from the 2014-VA-GX-0032, 2015-VA-GX-0021, and the 2016-VA-GX-0072 grants. Our testing sample included (1) travel, (2) contracts/consultants, (3) supplies, and (4) training. We found no issues with the non-personnel administrative expenditures we tested.

Drawdowns

Award recipients should request funds based upon immediate disbursement or reimbursement needs, and the grantee should time drawdown requests to ensure that the federal cash on hand is the minimum needed for disbursements or reimbursements made immediately or within 10 days. VOCA grant funds are available for the fiscal year of the award plus 3 additional fiscal years. To assess whether the NJ DLPS managed grant receipts in accordance with these federal requirements, we compared the total amount reimbursed to the total expenditures in NJ DLPS's accounting system and accompanying financial records.

For the VOCA victim assistance awards, NJ DLPS calculated drawdown amounts sufficient to cover subrecipient reimbursement requests and state administration based on the general ledger on a quarterly basis. Table 4 shows the total amount drawn down for each grant as of April 2020.

Table 4
Amount Drawn Down for Each Award as of April 2020

Award Number	Total Award	Award Period End Date	Amount Drawn Down	Amount Remaining	Disposition
2014-VA-GX-0032	\$ 12,416,634	9/30/2017	\$ 12,083,057	\$ 4,762	Returned and Deobligated*
2015-VA-GX-0021	53,992,667	9/30/2018	53,992,667	0	Drawn down by 12/31/2018
2016-VA-GX-0072	60,868,131	9/30/2019	42,598,758	0	Deobligated**
2017-VA-GX-0058	50,279,830	9/30/2020	2,502,373	47,777,457	Open award
Total:	\$ 177,557,262		\$ 111,176,855	\$ 47,782,219	

*\$328,814 was deobligated from grant 2014-VA-GX-0032. The difference reflects the \$4,762 NJ DLPS reimbursed the Department on September 25, 2019 as discussed in the Administrative Expenditures section of the report.

**\$18,269,373 was deobligated from grant 2016-VA-GX-0072 in April 2020.

Source: OJP Payment History Reports

During this audit, we did not identify significant deficiencies related to the recipient's process for developing drawdown requests. However, we identified deficiencies and questioned costs related to compliance of individual expenditures with grant rules. We address those deficiencies in the Grant Expenditures section in this report.

Matching Requirement

VOCA Guidelines require that subrecipients match 20 percent of their project costs. The purpose of this requirement is to increase the amount of resources available to VOCA projects, prompting subrecipients to obtain independent funding sources to help ensure future sustainability. Match contributions must come from non-federal sources and can be either cash or an in-kind match.¹⁴ The state administering agency has primary responsibility for ensuring subrecipient compliance with the match requirements.

In the award documents, NJ DLPS noted to the subrecipients the matching funds requirement. In NJ DLPS's VOCA Guidelines it stated, "VOCA regulations require that all applicants provide a 20 percent project match. The match may be cash or in-kind services. All matching funds are restricted to the same uses as subaward funds, must be expended within the subaward period, and are subject to audit. Matching funds must be provided from non-federal funds. The applicant must verify the funding source of proposed matching funds. Applicants are required to maintain documentation on activities related to the source of matching funds as well as subaward-related activities." To review the provision of matching

¹⁴ In-kind matches may include donations of expendable equipment, office supplies, workshop or classroom materials, workspace, or the value of time contributed by those providing integral services to the funded project.

funds, we reviewed matching fund supporting documentation and financial records during subrecipient site visits. We did not identify any issues related to matching costs at any of the subrecipients we visited.

Financial Reporting

According to the Financial Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report as well as cumulative expenditures. To determine whether NJ DLPS submitted accurate Federal Financial Reports (FFR), we compared the four most recent reports to NJ DLPS's accounting records the 2014-VA-GX-0032, 2015-VA-GX-0021, and the 2016-VA-GX-0072 grants. At the time of our review, the FFRs for the 2017-VA-GX-0058 grant did not include any expenditures.

We determined that quarterly and cumulative expenditures for the reports reviewed matched the accounting records for the 2014-VA-GX-0032 and the 2016-VA-GX-0072 grants without exception. However, we were unable to match the accounting records for the quarterly and cumulative expenditures associated with the 2015-VA-GX-0021 grant. We brought this to the attention of NJ DLPS officials and were told the FFR reporting process and staff with assigned responsibility has changed from the time the 2015 grant FFRs were prepared. As a result of this change, we were assured that the accounting records match and the FFRs are now computed correctly. At the conclusion of the grant, the total expenditures in the accounting records matched the total FFR amount and we do not believe there is an issue with amounts recorded on the FFRs.

Monitoring of Subrecipients

According to the Financial Guide, the purpose of subrecipient monitoring is to ensure that subrecipients: (1) use grant funds for authorized purposes; (2) comply with federal program and grant requirements, laws, and regulations; and (3) achieve subaward performance goals. As the primary grant recipient, NJ DLPS was required to develop policies and procedures to monitor its subrecipients. To assess the adequacy of NJ DLPS's monitoring of its VOCA subrecipients, we interviewed NJ DLPS personnel, reviewed NJ DLPS monitoring procedures, and obtained records of interactions between NJ DLPS and its subrecipients. As discussed previously, we also conducted site visits at six subrecipients that collectively received \$21,051,012 of the \$177,557,262, or about 12 percent of the total award amount of funds we audited. These subrecipients included two county governments, a state government component, a university, a non-profit directed toward serving victims of violent crime, and a state-wide human trafficking victim non-profit agency. Our site visits included interviewing personnel, touring facilities, and reviewing accounting and performance records. We spoke with subrecipient officials during each visit to determine the level of support they received from NJ DLPS.

NJ DLPS's subrecipient monitoring program included comprehensive financial and programmatic monitoring procedures, desk reviews, subrecipient risk assessments, and site visits where detailed testing of expenditures was performed.

As discussed previously, NJ DLPS's on-going financial monitoring of its subrecipients was supplemented by OAG program analysts' review of documentation that supported each subgrant and matching cost expenditure as a part of their review of Detailed Cost Statements and irrespective of the subrecipient's level of risk. Despite the presence of robust monitoring procedures, we found financial non-compliance that should have been detected had the abovementioned procedure been effectively implemented. Specifically, we identified unsupported expenditures at three of the six subrecipients we visited. Additionally, we found subrecipient performance statistics were not validated for completeness and accuracy, and subrecipient site visits were not performed as frequently as the VOCA Guidelines and NJ DLPS's internal procedure required.

Financial Monitoring

We found that NJ DLPS's financial policies were not applied effectively or consistently to its subrecipients. According to the Financial Guide, the purpose of subrecipient monitoring is to provide reasonable assurance that subawards are being used for the authorized purpose, in compliance with the federal program and grant requirements, laws, and regulations, and the subaward performance goals are achieved. We found NJ DLPS had robust policies and procedures in place in order to ensure subrecipient compliance with award requirements. These policies included site visits where documentation that supported subrecipient VOCA expenditures was tested, as well as subrecipient desk reviews, and quarterly subrecipient reimbursement requests being reviewed for documentation that supported each expenditure included in reimbursement requests for all subrecipients.

Despite having these financial monitoring procedures in place, we found that they were not always being followed or accomplished as intended. As a result of our detailed testing, we found NJ DLPS reimbursed Subrecipients B, E, and F \$75,334 despite documentation that inadequately supported the costs claimed on their reimbursement requests. We concluded NJ DLPS's requirement that subrecipients provide detailed documentation that supports each expenditure was insufficient, as applied, to ensure compliance with award requirements because the policy was inconsistently applied. NJ DLPS officials told us that eight NJ DLPS program analysts were responsible for reviewing supporting documentation that supported each expenditure in each subrecipient reimbursement request in addition to conducting subrecipient site visits, reviewing and approving subrecipient budget proposals, reviewing state quarterly performance reports, approving subrecipient post-award requests, and making the award document. Moreover, the eight program analysts were responsible for performing the abovementioned tasks for over 500 VOCA and non-VOCA subgrants. Further, NJ DLPS staff members cited their workload as their biggest challenge in the oversight of the VOCA program. When personnel responsible for an internal control's implementation are unable to effectively implement policies and procedures, the risk of non-compliance is greatly increased. We make a recommendation to address this issue in the Grant Financial Management Section of the report.

Performance Monitoring

During our audit, we found that NJ DLPS had internal control processes to measure subrecipient progress toward meeting VOCA-funded goals and objectives, but lacked adequate controls for validating subrecipient performance accomplishments. NJ DLPS officials told us that they monitor subrecipient performance through reviewing state quarterly reporting, PMT quarterly reporting, desk reviews, site visits, and on-going communication with the subrecipients. We found that NJ DLPS required its subrecipients to directly submit quarterly performance reports into the PMT system. We also found that NJ DLPS required subrecipients to submit an alternate quarterly performance report where subrecipients report progress toward achieving goals and objectives specified in the agreement executed between NJ DLPS and the subrecipient in a narrative format. An NJ DLPS official told us the review of subrecipient performance reporting consisted of reviewing the state performance report and including a printout of the PMT quarterly performance report to the audit file. However, NJ DLPS did not closely scrutinize the results of PMT reporting or have written procedures requiring program analysts to compare the required state reporting to the PMT reporting in order to detect significance discrepancies. Additionally, we found that NJ DLPS did not periodically request source documentation to validate PMT performance statistics during its review of subrecipient performance reports in PMT, or conduct validation testing of subrecipient reported PMT statistics during site visits or desk reviews, or at any other time.

We assessed the completeness and accuracy of the performance data subrecipients reported in PMT during our site visits. Although subrecipients provided evidence that victim services were provided, we found: (1) supporting documentation did not reconcile to the statistics reported in PMT for any of the 6 subrecipients, (2) Subrecipients B, D, and E did not prorate the reported statistics based on VOCA and non-VOCA sources of funding; and (3) Subrecipient D reported VOCA ineligible activity.

Subrecipients are required to report accurately and retain documentation that supports their programmatic accomplishments. Our detailed testing found that none of the six subrecipients were able to provide supporting documentation that reconciled to their PMT reporting. The subrecipients were unable to explain the cause of the variances, and subrecipient officials confirmed to us that NJ DLPS never requested documentation to validate the statistics reported in PMT during site visits, desk reviews, or part of their review of quarterly performance reporting. While the variances were not significant, slight inaccuracies when aggregated among multiple subrecipients contribute to inaccurate annual performance reports at the state level.

OJP guidance states that subrecipients should prorate the number of victims served based on the source of funding in order to correctly report the number of VOCA-funded victims a grant supports. Subrecipients B, E, and F funded the activities each reported to OJP with multiple sources of funding, and their reporting did not prorate the victims it served based on the source of funding. As a result of our testing, we found Subrecipient B, E, and F over-reported VOCA-funded activity

in PMT. Subrecipient officials told us they were unaware of the requirement to prorate victim statistics based on funding source. The NJ DLPS official with responsibility for PMT oversight was aware that OJP PMT's guidance mandated subrecipients to prorate victims served based on source of funding. The NJ DLPS official told us that the PMT system itself informed subrecipients of the above-mentioned requirement. The NJ DLPS official told us NJ DLPS did not provide all NJ DLPS subrecipients additional notification and guidance about the requirement. Subrecipient B, E, and F's failure to prorate performance statistics potentially compromises the accuracy of the data NJ DLPS reports, and as a result, may misrepresent information used by Congress, OJP, and the public to assess the progress of VOCA-funded activities in New Jersey.

VOCA Guidelines require that funding be used for direct victim services for crime victims. The VOCA Guidelines define a crime victim as "a person who has suffered physical, sexual, financial, or emotional harm as a result of the commission of a crime". We found that Subrecipient E's PMT reported statistics did not separate crime victims from individuals that received non-crime services, such as violence prevention and other general community services. In response to our testing, Subrecipient E provided documentation that demonstrated the number of VOCA funded victims it served also included individuals that did not experience victimization. A subrecipient official confirmed that Subrecipient E reported the total number of individuals it served in PMT regardless if they were victims of crime. We otherwise did not find the reporting of VOCA ineligible activity at any other subrecipient we visited.

In sum, we found NJ DLPS's performance monitoring to be inadequate because NJ DLPS did not attempt to validate the completeness and accuracy of subrecipient reporting. Our site visits showed that subrecipient statistics did not reconcile to source documentation and that Subrecipients B, E, and F did not prorate their victim statistics by funding source, and Subrecipient E reported ineligible VOCA activity. The above-mentioned examples of non-compliance underscore the importance of validating performance statistics, and the risk of subrecipient non-compliance is greatly increased. We make a recommendation to address this issue in the Program Requirements and Performance Reporting Section.

Subrecipient Risk Assessment

VOCA Guidelines require that a State Administering Agency's subrecipient monitoring plan includes a risk assessment plan. In order to implement the VOCA monitoring requirements, NJ DLPS relied on its Grant Subrecipient Monitoring Standard Operating Procedures which require the use of a three-tiered risk classification system to determine the level of program monitoring for individual subrecipients. According to NJ DLPS's policy, all subrecipients are assigned a risk rating at the time an award is made with the caveat that the risk-level can be modified based on the results of NJ DLPS's review of the subrecipient's programmatic and financial reporting, as well as on-going communication with the subrecipient. The risk assessment methodology applied by NJ DLPS factors the amount of the award, the number of open subawards with the NJ DLPS, the

agency's prior experience, staff turnover, project complexity, timely reporting of programmatic activities and expenditures, and previous monitoring results. All of these collective factors are assigned a weighted numerical value that enables NJ DLPS to rank subrecipients based on the overall level of risk. NJ DLPS relies on the annual risk assessments to prioritize which subrecipients will receive site visits first within its monitoring plan. We found NJ DLPS was performing pre-award risk assessments for its subrecipients and complying with the VOCA Guidelines. While we found NJ DLPS ranked subrecipients based on risk, NJ DLPS' policy required that subrecipients submit all financial documentation that supported expenditures on the DCS as a condition of receiving reimbursement regardless of a subrecipient's assigned risk. According to the Financial Guide, subrecipients may be evaluated as higher risk or lower risk to determine the need for closer monitoring. Generally, new subrecipients require closer monitoring. For existing subrecipients, closer monitoring may be warranted based on results noted during monitoring and subrecipient reviews and audits. The purpose of these monitoring activities is to provide reasonable assurance that the subrecipient has administered the pass-through funding in compliance with the laws, regulations, and the provisions of the award and that the required performance goals are being achieved. We make a recommendation to address this issue in the Grant Financial Management Section of the report.

Subrecipient Site Visits

VOCA Guidelines advise that SAAs conduct subrecipient site visits once every 2 years unless a different frequency, based on risk assessment, is set out in the monitoring plan. NJ DLPS's monitoring schedule indicated that NJ DLPS's goal was to perform site visits at least once every 2 years. NJ DLPS officials confirmed that the expectation was to conduct a site visit for each subrecipient every 2 years. To assess NJ DLPS's compliance, we reviewed documentation provided that listed the monitoring activities performed for each subrecipient. We found that while NJ DLPS did conduct site visits, NJ DLPS did not conduct a site visit for each subrecipient every 2 years as advised by the VOCA Guidelines and its own procedure. Specifically, we found NJ DLPS did not conduct site visits or desk reviews of 58 subrecipients within 2 years of the date of the last site visit. Additionally, we found seven subrecipients where NJ DLPS documented the purpose of the site visit was to monitor a non-VOCA subgrant when the subrecipient received VOCA and non-VOCA subgrants from NJ DLPS. NJ DLPS staff told us that they have insufficient personnel to conduct site visits for each subrecipient every 2 years and, therefore, place a greater priority on reviewing the documentation that supports each DCS as its method of gauging subrecipient fiscal compliance. When subrecipients are not given timely site visits where detailed testing is performed to assess the validity of financial and programmatic documentation, the risk of subrecipient non-compliance with VOCA terms and conditions is increased. We recommend OJP ensure that NJ DLPS enhances its procedures to ensure that subrecipient site-visits are conducted in accordance with VOCA Guidelines and its own procedures.

CONCLUSION AND RECOMMENDATIONS

Overall, while we found that NJ DLPS used its grant funds to enhance services for crime victims. Our audit also identified deficiencies in several key areas that represent opportunities for improvement. Specifically, NJ DLPS lacked written procedures to monitor compliance with the priority area funding requirement, inaccurately reported its performance statistics, did not validate subrecipient performance reporting, did not adequately monitor subrecipients in accord with VOCA Guidelines and its own policies, and was untimely in awarding of award funds to subrecipients.

With respect to grant financial management, NJ DLPS did not rely on an efficient and effective method for testing detailed cost statements which contributed to our audit identifying \$75,334 in unsupported subrecipient costs.

We recommend that OJP:

1. Provide NJ DLPS with an appropriate level of technical assistance to facilitate and enhance the process used by NJ DLPS to effectively and efficiently award available funding commensurate with the ongoing needs of NJ victims.
2. Ensure that NJ DLPS develops and implements policies and procedures that facilitate the timely awarding of VOCA funds.
3. Ensure NJ DLPS develops and implements policies and procedures to monitor compliance with the priority area funding requirement.
4. Ensure NJ DLPS develops and implements policies and procedures that ensure annual performance reports are complete and accurate, supported by verifiable data, and periodically validated as part of its monitoring process.
5. Ensure NJ DLPS develops an effective and efficient method for testing subrecipient detailed cost summaries to provide reasonable assurance the funds are in compliance with laws, regulations, and provisions in the award.
6. Remedy \$75,334 in unsupported subrecipient costs.
7. Ensure that NJ DLPS enhances its policies and procedures to ensure that subrecipient site-visits are conducted in accordance with VOCA Guidelines and its own procedures.

APPENDIX 1

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The objective of the audit was to evaluate how NJ DLPS designed and implemented its crime victim assistance program. To accomplish this objective, we assessed performance in the following areas of grant management: (1) grant program planning and execution, (2) program requirements and performance reporting, (3) grant financial management, and (4) monitoring of subrecipients.

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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

This was an audit of Victims of Crime Act (VOCA) victim assistance formula grants 2014-VA-GX-0032, 2015-VA-GX-0021, 2016-VA-GX-0072, and 2017-VA-GX-0058 from the Crime Victims Fund (CVF) awarded to NJ DLPS. The Office of Justice Programs (OJP), Office for Victims of Crime (OVC) awarded these grants totaling \$177,557,262 to NJ DLPS, which serves as the state administering agency. Our audit concentrated on, but was not limited to, the period of October 1, 2013, the project start date for VOCA assistance grant number 2014-VA-GX-0020, through January 2020. As of April 2020, NJ DLPS had drawn down a total of \$111,176,855 from the four audited grants.

To accomplish our objective, we tested compliance with what we consider the most important conditions of NJ DLPS's activities related to the audited grants. We performed sample-based audit testing for administrative and subrecipient expenditures, financial reports, and performance 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 authorizing VOCA legislation, the VOCA victim assistance program guidelines, the OJP and DOJ Financial Guides, and the award documents contain the primary criteria we applied during the audit.

During our audit, we obtained information from OJP's Grants Management System and Performance Measurement Tool, as well as NJ DLPS'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 documents from other sources and site visits of six subrecipients.

While our audit did not assess NJ DLPS's overall system of internal controls, we did review the internal controls of NJ DLPS's financial management system specific to the management of funds for each VOCA grant within our review. To determine whether NJ DLPS adequately managed the VOCA funds we audited, we conducted interviews with NJ DLPS's financial staff, examined policies and procedures, and reviewed grant documentation and financial records. We also developed an understanding of NJ DLPS's financial management system and its policies and procedures to assess its risk of non-compliance with laws, regulations, guidelines, and terms and conditions of the grants.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>Description</u>	<u>Amount</u>	<u>Page</u>
Questioned Costs¹⁵		
Unsupported Costs		
Unsupported Subrecipient Costs	<u>\$75,334</u>	14
Total Unsupported Costs	\$75,334	
Total Questioned Costs	<u>\$75,334</u>	

¹⁵ **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, the provision of supporting documentation, or contract ratification, where appropriate.

APPENDIX 3

NEW JERSEY DEPARTMENT OF LAW AND PUBLIC SAFETY RESPONSE TO THE DRAFT AUDIT REPORT



PHILIP D. MURPHY
Governor

SHEILA Y. OLIVER
Lt. Governor

State of New Jersey
DIVISION OF ADMINISTRATION
DEPARTMENT OF LAW AND PUBLIC SAFETY
PO BOX 081
TRENTON, NJ 08625-0081

GURBIR S. GREWAL
Attorney General

WILLIAM H. CRANFORD
Acting Administrator

June 25, 2020

Thomas O. Puerzer
Regional Audit Manager
Philadelphia Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
701 Market Street, Suite 2300
Philadelphia, PA 19106
VIA: Electronic Mail at: Thomas.O.Puerzer@usdoj.gov

Re: Audit of the Office of Justice Programs Victim Assistance Grants Awarded to the New Jersey
Department of Law and Public Safety, Trenton, New Jersey

Dear Mr. Puerzer,

We appreciate the opportunity to respond to the Office of the Inspector General (OIG) 2019 audit of the New Jersey Department of Law and Public Safety (the Department), Victims of Crime Act (VOCA) Victim Assistance Program. The Department recognizes and respects the role of the OIG, and has taken this audit as an opportunity to improve our grant management and administration as a whole, with emphasis on the areas recommended in the report. We appreciate the dedication and insight the OIG staff has shown during this review process, and we look forward to continuing the professional relationship we have developed.

OIG has respectfully requested our comments on each of the recommendations in the report. It has been asked that our comments indicate concurrence or non-concurrence with each recommendation, completed and/or anticipated planned actions to address each recommendation, accompanied by related timeframes, and/or supporting documentation, as applicable.

In the enclosed response, we have included the summary recommendation from the Onsite Review, our plan to comply with the recommendation, and our timeline to implement the changes stated.



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1. Provide NJ DLPS with an appropriate level of technical assistance to facilitate and enhance the process used by NJ DLPS to effectively and efficiently award available funding commensurate with the ongoing needs of NJ victims.

We concur with this recommendation. With the significant increases in VOCA funding, New Jersey (the State) recognizes the need for a dedicated leadership position to strengthen the handling of victim services. In February 2019, the Department announced the hiring of a Special Advisor for Victim Services as part of the Department's Executive Staff to, among other things, coordinate the Department's victim resources, conduct a review of the State's victim programs and services, and identify ways to increase and strengthen those services. As part of this initiative, the advisor continues to work with the State's VOCA grant stakeholders to streamline existing processes in order to best serve the needs of our crime victims. Through these efforts, the advisor has proposed and implemented recommendations within the Department that have improved existing services and strengthened the Department's effort to award available funding commensurate with the ongoing needs of our victims. To effectuate the advisor's work, the grant staff needs to be increased, as outlined in responses below.

In addition, the Department has recently completed a restructuring within what is now known as the Division of Administration, which included the creation of a standalone Grants Unit (previously a component of the Budget Unit) and completed a job posting for a Grants Director to lead that unit. The Department anticipates filling the Grants Director position by the end of 2020. The restructuring also created the position of Chief Ethics and Compliance Officer, a standalone section independent of the Grants Unit that allows for a dedicated and independent review and monitoring of compliance matters, including those involving grants.

2. Ensure that NJ DLPS develops and implements policies and procedures that facilitate the timely awarding of VOCA funds.

We partially concur with this recommendation. The Department is dedicated to following all applicable state and VOCA compliance requirements, and it is our policy to not execute subaward contracts until all applicable award package documents are complete, submitted, and reviewed by the Department. While this practice may lead to sub-award contracts being executed after the commencement of the grant performance period, this practice also mitigates the risk of ineligible agencies receiving VOCA funds and ensures that budgets submitted by eligible entities contain allowable costs and are aligned with the purpose of the subgrant program. However, the Department does recognize the need for additional grant staff to ensure efficient grant management and the timely awarding of VOCA funds. We have already begun the process to fill vacant grant analyst positions and intend to add staff in the Grants Compliance Unit. Once the additional staff is in place, we expect to develop and implement updated procedures in order to expedite our internal grant review process and facilitate the timely awarding of VOCA funds.

3. Ensure NJ DLPS develops and implements policies and procedures to monitor compliance with the priority area funding requirement.

We concur with this recommendation. The Department is reviewing the grants policies and procedures in order to more efficiently monitor compliance with the priority area funding requirement. Once the updated policies have been approved, the Department will provide them to the Office of Justice Programs (OJP).

Within the last several months, the Grants Compliance Unit has been coordinating priority area compliance monitoring directly with the Performance Measurement Tool (PMT) Research Manager on a quarterly basis.

4. Ensure NJ DLPS develops and implements policies and procedures that ensure annual performance reports are complete and accurate, supported by verifiable data, and periodically validated as part of monitoring process.

We concur with this recommendation. The Department will draft written policies and procedures as stated in the recommendation. After the OIG Site Visit, the Grants Compliance Unit added monitoring of PMT source documents to the Department's Monitoring Site Visit Checklist and began to sample and verify subrecipient PMT data of VOCA subrecipients.

5. Ensure NJ DLPS develops an effective and efficient method for testing subrecipient detailed cost summaries to provide reasonable assurance the funds are in compliance with laws, regulations, and provisions in the award.

We partially concur with this recommendation. The Department's current policy requiring the review of all financial documentation that supports expenditures reported on a detailed cost statement (DCS), has remained in place due to limited staff available to conduct monitoring. The Department does agree that our current reimbursement policy calls for review and update, as we are aware that the policy is time-consuming and may lead to delays in payment processing. Since the OIG Site Visit, and as stated above, the State has been working to fill grant analyst positions. Once trained, these new analysts are expected take on their share of grants in order to ensure proper grants management and a more efficient grant caseload per analyst. In addition to the restructuring referenced above, the Department also plans to increase staffing in the Grants Compliance Unit in order to better navigate the varied State and Federal grant compliance requirements, including the required VOCA monitoring. Once fully staffed, the Department plans to revise the current reimbursement policy to allow for a more risk-based approach as to the amount and frequency of source documentation required at the time of grant reimbursement.

6. Remedy \$75,334 in unsupported subrecipient costs.

We partially concur with this recommendation. In order to accurately determine if the Department inappropriately reimbursed subrecipient costs, the Department is working with OIG to obtain the details of the unsupported costs in question. Once the Department can verify our internal documentation of these costs, the Department will work with the subrecipients mentioned in the audit report to compile the necessary documentation to support the \$75,334 in unsupported costs. The Department will repay any amount where that information is not available.

7. Ensure that NJ DLPS enhances its policies and procedures to ensure that subrecipient site-visits are conducted in accord with VOCA Guidelines and its own procedures.

We concur with this recommendation. The Department recognizes the need to conduct subrecipient site-visits in accordance with VOCA Guidelines and internal procedures. The Department is planning to increase staffing to ensure that there are sufficient resources in place to successfully perform subrecipient monitoring policies and procedures.

Conclusion

Given the extent of the work required to comply with these recommendations, it may take twelve months or more to complete these recommendations. We look forward to updating OIG and OJP on our progress.

Should you have any questions, or require further information, please feel free to contact me.

Sincerely,

William H. Cranford

William H. Cranford
Acting Administrator

C: Jonathan Garelick, Acting Chief of Staff, Office of the Attorney General
Elizabeth Ruebman, Special Advisor for Victim Services
Christina Broderick, Special Assistant to the Attorney General
Kristen Sleeper, Director, Budget and Grant Operations, Office of the Attorney General
Julie Malik, Deputy Director, Budget and Grant Operations, Office of the Attorney General
Kelly Ottobre, Grants Manager, Office of the Attorney General
Kristen Ramsay, Subrecipient Monitoring/Grant Compliance, Office of the Attorney General
Kathlyn Bender, Internal Controls, Office of the Attorney General
Linda J. Taylor, Lead Auditor, Office of Audit, Office of Justice Programs,
VIA: Electronic Mail at: Linda.Taylor2@usdoj.gov

APPENDIX 4

U.S. DEPARTMENT OF JUSTICE 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

June 26, 2020

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

FROM: Ralph E. Martin
Director *Ralph E. Martin*

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs, Victim Assistance Grants Awarded to the New Jersey Department of Law and Public Safety, Trenton, New Jersey*

This memorandum is in reference to your correspondence, dated May 11, 2020, transmitting the above-referenced draft audit report for the New Jersey Department of Law and Public Safety (NJ DLPS). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **seven** recommendations and **\$75,334** in questioned costs. The following is 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 provide NJ DLPS with an appropriate level of technical assistance to facilitate and enhance the process used by NJ DLPS to effectively and efficiently award available funding commensurate with the ongoing needs of NJ victims.**

OJP agrees with this recommendation. We will coordinate with NJ DLPS to obtain a copy of their written policies and procedures, developed and implemented, to enhance its process of effectively and efficiently awarding available Victims of Crime Act (VOCA) funding commensurate with the ongoing needs of New Jersey victims; and will provide technical assistance, as appropriate.

2. **We recommend that OJP ensure that NJ DLPS develops and implements policies and procedures that facilitate the timely awarding of VOCA funds.**

OJP agrees with this recommendation. We will coordinate with NJ DLPS to obtain a copy of its written policies and procedures, developed and implemented, to ensure the timely awarding of VOCA funds.

3. **We recommend that OJP ensure NJ DLPS develops and implements policies and procedures to monitor compliance with the priority area funding requirement.**

OJP agrees with this recommendation. We will coordinate with NJ DLPS to obtain a copy of its written policies and procedures, developed and implemented, to ensure proper monitoring of compliance with the priority area funding requirement.

4. **We recommend that OJP ensure NJ DLPS develops and implements policies and procedures that ensure annual performance reports are complete and accurate, supported by verifiable data, and periodically validated as part of its monitoring process.**

OJP agrees with this recommendation. We will coordinate with NJ DLPS to obtain a copy of its written policies and procedures, developed and implemented, to ensure that annual performance reports are complete and accurate, supported by verifiable data, and periodically validated as part of its monitoring process; and the supporting documentation is maintained for future auditing purposes.

5. **We recommend that OJP ensure NJ DLPS develops an effective and efficient method for testing subrecipient detailed cost summaries to provide reasonable assurance the funds are in compliance with laws, regulations, and provisions in the award.**

OJP agrees with this recommendation. We will coordinate with NJ DLPS to obtain a copy of its written policies and procedures, developed and implemented, to ensure an effective and efficient method for testing subrecipient detailed cost summaries is used, to ensure that the funds are expended in compliance with the laws, regulations, and provisions of its Federal awards.

6. **We recommend that OJP remedy \$75,334 in unsupported subrecipient costs.**

OJP agrees with this recommendation. We will review the \$75,334 in unsupported questioned costs, charged to Grant Numbers 2014-VA-GX-0032, 2015-VA-GX-0021, 2016-VA-GX-0072, and 2017-VA-GX-0058, and will work with NJ DLPS to remedy, as appropriate.

7. **We recommend that OJP ensure that NJ DLPS enhances its policies and procedures to ensure that subrecipient site-visits are conducted in accordance with VOCA Guidelines and its own procedures.**

OJP agrees with this recommendation. We will coordinate with NJ DLPS to obtain a copy of its written policies and procedures, developed and implemented, to ensure that subrecipient site-visits are conducted in accordance with VOCA Guidelines and its own procedures.

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

cc: Katharine T. Sullivan
Principal Deputy Assistant Attorney General

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

LeToya A. Johnson
Senior Advisor
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Internal Review and Evaluation Office
Justice Management Division

OJP Executive Secretariat
Control Number IT20200512094826

APPENDIX 5

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

The OIG provided a draft of this audit report to the Office of Justice Programs (OJP) and the New Jersey Department of Law and Public Service (NJ DLPS). NJ DLPS's response is incorporated in Appendix 3 and OJP's response in Appendix 4 of this final report. NJ DLPS generally concurred with all our recommendations. NJ DLPS partially concurred with recommendations 2, 5, and 6, but in its response, NJ DLPS agreed to take corrective action consistent with the recommendations in the report. In its response, OJP agreed with all our recommendations and discussed the actions it plans to complete to address the recommendations. As a result, the status of the audit report is resolved. The following provides the OIG analysis of the responses and a summary of the actions necessary to close the report.

Recommendations for OJP:

- 1. Provide NJ DLPS with an appropriate level of technical assistance to facilitate and enhance the process used by NJ DLPS to effectively and efficiently award available funding commensurate with the ongoing needs of NJ victims.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with NJ DLPS to obtain a copy of their written policies and procedures and will provide technical assistance, as appropriate.

NJ DLPS concurred with this recommendation. In its response, NJ DLPS said that in February 2019 it hired a Special Advisor for Victim Services to coordinate the Department's victim resources, conduct a review of the State's victim programs and services, and identify ways to increase and strengthen services as well as streamline existing processes. NJ DLPS acknowledged it needed to increase the amount of grant staff to effectuate the Special Advisor's work. Additionally, NJ DLPS maintained that it completed a restructuring that has made a stand-alone Grants Unit and is in the process of hiring a Grants Director. NJ DLPS also said it created a Chief Ethics and Compliance Officer position, independent from the Grants Unit, that is responsible for the independent review of grant compliance, among other responsibilities.

This recommendation can be closed when we receive documentation demonstrating NJ DLPS has been provided an appropriate level of technical assistance to facilitate and enhance the processes used to effectively and efficiently award available funding commensurate with the ongoing need of victims.

2. Ensure that NJ DLPS develops and implements policies and procedures that facilitate the timely awarding of VOCA funds.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with NJ DLPS to obtain a copy of its written policies and procedures, developed and implemented, to ensure the timely awarding of VOCA funds.

NJ DLPS partially concurred with our recommendation. In its response, NJ DLPS maintained that its policy was not to execute subaward contracts until all applicable award package documents were complete, submitted, and reviewed. However, NJ DLPS stated it recognizes the need for additional grant staff to ensure efficient grant management and the timely awarding of VOCA funds. NJ DLPS acknowledged it is in the process of filling vacant grant analyst positions and intends to add staff in the Grant Compliance Unit. NJ DLPS further stated that once staff are in place, it will develop and implement policies and procedures that facilitate the timely awarding of VOCA funds.

This recommendation can be closed when we receive documentation demonstrating NJ DLPS has developed and implemented policies and procedures that facilitate the timely awarding of VOCA funds.

3. Ensure NJ DLPS develops and implements policies and procedures to monitor compliance with the priority area funding requirement.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with NJ DLPS to obtain a copy of its written policies and procedures, developed and implemented, to ensure proper monitoring of compliance with the priority area funding requirement.

NJ DLPS concurred with our recommendation. In its response, NJ DLPS stated that it is in the process of reviewing and updating its grant policies and procedures to more efficiently monitor compliance with the priority area funding requirement. NJ DLPS also said that in the last few months, the Grants Compliance Unit has been coordinating priority area compliance monitoring directly with the Performance Measurement Tool (PMT) Research Manager on a quarterly basis.

This recommendation can be closed when we receive documentation demonstrating NJ DLPS has developed and implemented policies and procedures to monitor compliance with the priority area funding requirement.

4. Ensure NJ DLPS develops and implements policies and procedures that ensure annual performance reports are complete and accurate, supported by verifiable data, and periodically validated as part of its monitoring process.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with NJ DLPS to obtain a copy of its written policies and

procedures, developed and implemented, to ensure that annual performance reports are complete and accurate, supported by verifiable data, and periodically validated as part of its monitoring process; and the supporting documentation is maintained for future auditing purposes.

NJ DLPS concurred with our recommendation and said it will draft necessary written policies and procedures. In its response, NJ DLPS also said that after our audit fieldwork was completed, the Grants Compliance Unit added monitoring of PMT source documents to the Department's Monitoring Site Visit Checklist and began to sample and verify PMT data of VOCA subrecipients.

This recommendation can be closed when we receive documentation demonstrating NJ DLPS has developed and implemented policies and procedures that ensure annual performance reports are complete and accurate, supported by verifiable data, and periodically validated as part of its monitoring process.

5. Ensure NJ DLPS develops an effective and efficient method for testing subrecipient detailed cost summaries to provide reasonable assurance the funds are in compliance with laws, regulations, and provisions in the award.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with NJ DLPS to obtain a copy of its written policies and procedures, developed and implemented, to ensure an effective and efficient method for testing subrecipient detailed cost summaries is used to ensure that the funds are expended in compliance with the laws, regulations, and provisions of its Federal awards.

NJ DLPS partially concurred with this recommendation. In its response, NJ DLPS stated its current policy requiring the review of all financial documentation that supports expenditures reported on a detailed cost statement ("DCS") has remained in place due to limited staff. However, NJ DLPS acknowledged that its current reimbursement policy is time-consuming and may lead to delays in payment processing. NJ DLPS further noted that it was working to fill grant analyst positions and increase staffing in the Grants Compliance Unit. Further, NJ DLPS acknowledged that once fully staffed, it will revise the current reimbursement policy to allow for a more risk-based approach as to the amount and frequency of source documentation required at the time of grant reimbursement.

This recommendation can be closed when we receive documentation demonstrating NJ DLPS has developed an effective and efficient method for testing subrecipient detailed cost summaries to provide reasonable assurance funds are in compliance with laws, regulations, and provisions in the award.

6. Remedy \$75,334 in unsupported subrecipient costs.

Resolved. OJP agreed with our recommendation. In its response, OJP stated it will review the \$75,334 in unsupported questioned costs charged to Grant Numbers 2014-VA-GX-0032, 2015-VA-GX-0021, 2016-VA-GX-0072, and 2017-VA-GX-0058, and will work with NJ DLPS to remedy the costs, as appropriate.

NJ DLPS partially concurred with our recommendation. In its response, NJ DLPS stated it was going to obtain the details of the specific unsupported subrecipient costs to determine if it inappropriately reimbursed subrecipients. We provided NJ DLPS with the breakdown of the subrecipient questioned costs at the exit conference and will continue to work with NJ DLPS to provide greater detail of the individual transactions that comprise the total amount we cited. NJ DLPS further stated that once it can verify the unsupported subrecipient costs with its internal documentation, it will work with those subrecipients cited in the audit report to compile the necessary documentation to support the \$75,334 in unsupported costs. Additionally, NJ DLPS said that it will repay any amount where that information (supporting documentation) is not available.

This recommendation can be closed when we receive documentation demonstrating OJP has remedied \$75,334 in unsupported subrecipient costs.

7. Ensure that NJ DLPS enhances its policies and procedures to ensure that subrecipient site-visits are conducted in accordance with VOCA Guidelines and its own procedures.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with NJ DLPS to obtain a copy of its written policies and procedures, developed and implemented, to ensure that subrecipient site visits are conducted in accordance with VOCA Guidelines and its own procedures.

NJ DLPS concurred with our recommendation. In its response, NJ DLPS said it recognizes the need to conduct subrecipient site visits in accordance with VOCA Guidelines and internal procedures. NJ DLPS further acknowledged that it is planning to increase staffing to ensure there are sufficient resources in place to successfully perform subrecipient monitoring in accordance with existing policies and procedures.

This recommendation can be closed when we receive documentation demonstrating NJ DLPS enhanced its policies and procedures to ensure that subrecipient site visits are conducted in accordance with VOCA Guidelines and its own procedures.



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